UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended APRIL 30, 1999 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from ___________ to ___________.

COMMISSION FILE NUMBER 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

DELAWARE	77-0034661
(State of incorporation)	(IRS employer identification no.)

2535 GARCIA AVENUE, MOUNTAIN VIEW, CA 94043

(Address of principal executive offices)

(650) 944-6000

(Registrant's telephone number, including area code)

Indicate by a check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

62,240,887 shares of Common Stock, $0.01 par value, as of May 28, 1999

FORM 10-Q
INTUIT INC.
INDEX

PART I FINANCIAL INFORMATION

<TABLE>
<CAPTION>

		PAGE NUMBER
ITEM 1:	Financial Statements	
	Condensed Consolidated Balance Sheets as of July 31, 1998 and April 30, 1999	3
	Condensed Consolidated Statements of Operations for the three and nine months ended April 30, 1998 and 1999	4
	Condensed Consolidated Statements of Cash Flows for the nine months ended April 30, 1998 and 1999	5
	Notes to Condensed Consolidated Financial Statements	6
ITEM 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	16
ITEM 3:	Quantitative and Qualitative Disclosures about Market Risk	27

PART II   OTHER INFORMATION

ITEM 1:   Legal Proceedings.. 28

ITEM 6:   Exhibits and Reports on Form 8-K..................................... 30

Signatures... 31

</TABLE>

INTUIT INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

(In thousands, except par value)	JULY 31, 1998	APRIL 30, 1999 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 138,133	$ 330,225
Short-term investments	244,699	335,925
Marketable securities	499,285	1,095,050
Accounts receivable, net (1)	59,417	114,188
Inventories	3,695	2,267
Prepaid expenses and other current assets (2)	34,896	77,154
Total current assets	980,125	1,954,809
Property and equipment, net	69,413	91,195
Purchased intangibles, net	85,797	74,038
Goodwill, net	285,793	243,131
Long-term deferred income taxes	21,006	21,006
Investments	17,009	43,223
Restricted investments	28,516	34,568
Other assets	10,937	7,895
Total assets	$ 1,498,596	$ 2,469,865
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 44,035	$ 95,368
Accrued compensation and related liabilities	23,728	34,488
Deferred revenue	58,560	69,237
Income taxes payable	3,044	--
Deferred income taxes	120,482	361,379
Other accrued liabilities	124,820	199,175
Total current liabilities	374,669	759,647
Long-term deferred income taxes	--	770
Long-term notes payable	35,566	36,043
Stockholders' equity:		
Preferred stock, $0.01 par value Authorized -- 3,000 shares total; 145 shares designated Series A; 200 shares designated Series B Junior Participating Issued and outstanding - none; none	--	--
Common stock, $0.01 par value Authorized -- 250,000 shares Issued and outstanding - 59,320 and 61,949 shares, respectively	593	619
Additional paid-in capital	1,080,554	1,190,817
Net unrealized gain on marketable securities	181,071	545,314
Cumulative translation adjustment and other	1,531	(1,179)
Accumulated deficit	(175,388)	(62,166)
Total stockholders' equity	1,088,361	1,673,405
Total liabilities and stockholders' equity	$ 1,498,596	$ 2,469,865

</TABLE>

(1) Includes $4.4 million and $1.6 million due from Checkfree at July 31, 1998 and April 30, 1999, respectively, and $3.4 million due from Excite at July 31, 1998. (see Note 10).

(2) Includes balances due of $7.3 million and $6.0 million on a note receivable from Venture Finance Software Corp. at July 31, 1998 and April 30, 1999, respectively (see Note 10).

See accompanying notes to condensed consolidated financial statements.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
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(In thousands, except per share amounts; unaudited)	THREE MONTHS ENDED APRIL 30, 1998	THREE MONTHS ENDED APRIL 30, 1999	NINE MONTHS ENDED APRIL 30, 1998	NINE MONTHS ENDED APRIL 30, 1999
<S>	<C>	<C>	<C>	<C>
Net revenue(1)	$ 141,996	$ 239,701	$ 475,467	$ 697,620
Costs and expenses:				
Cost of goods sold:				
Product	29,331	50,070	97,206	151,100
Amortization of purchased software and other	588	1,885	1,941	5,586
Customer service & technical support	26,389	28,557	91,821	98,312
Selling & marketing	55,067	43,884	134,006	151,520
Research & development	25,381	34,325	78,159	104,346
General & administrative	9,180	14,421	27,387	40,689
Amortization of goodwill and purchased intangibles	3,369	20,890	12,230	62,822
Total costs & expenses	149,305	194,032	442,750	614,375
Income (loss) from operations	(7,309)	45,669	32,717	83,245
Interest and other income and expense, net	3,104	5,344	7,375	12,642
Realized gain on sale of marketable securities	--	58,596	--	68,684
Gain on disposal of business	--	--	4,321	--
Income (loss) before income tax	(4,205)	109,609	44,413	164,571
Income tax provision (benefit)	(1,999)	37,054	17,534	51,349
Net income (loss)	$ (2,206)	$ 72,555	$ 26,879	$ 113,222
Basic net income (loss) per share	$ (0.05)	$ 1.18	$ 0.56	$ 1.87
Shares used in per share amounts	48,209	61,553	47,618	60,409
Diluted net income (loss) per share	$ (0.05)	$ 1.12	$ 0.54	$ 1.79
Shares used in per share amounts	48,209	64,817	49,560	63,192

</TABLE>

(1) Includes $0.2 million and $12.9 million of revenue from Checkfree for the three and nine months ended April 30, 1998 and $1.6 million and $4.0 million of revenue for the three and nine months ended April 30, 1999, respectively. Includes $3.1 million and $6.9 million of revenue from Excite for the three and nine months ended April 30, 1998 and $5.9 million and $17.6 million of revenue for the three and nine months ended April 30, 1999, respectively (see Note 10).

See accompanying notes to condensed consolidated financial statements.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
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NINE MONTHS ENDED

	APRIL 30,	
(In thousands; unaudited)	1998	1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 26,879	$ 113,222
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on disposal of business, net of tax	(1,621)	--
Gain on sale of facility	(1,501)	--
Amortization of goodwill and other purchased intangibles	12,793	68,408
Depreciation	22,038	25,063
Realized gain on sale of marketable securities	--	(68,684)
Changes in assets and liabilities:		
Accounts receivable	(76,486)	(54,771)
Inventories	505	1,428
Prepaid expenses	(5,950)	(42,258)
Deferred income tax assets and liabilities	(473)	(1,162)
Accounts payable	12,530	51,333
Accrued compensation and related liabilities	439	10,760
Deferred revenue	6,125	10,677
Accrued acquisition liabilities	(35,326)	(19,181)
Other accrued liabilities	100,264	95,424
Income taxes payable	13,801	46,833
Net cash provided by operating activities	74,017	237,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of facility	9,025	--
Proceeds from sale of marketable securities	--	79,993
Purchase of property and equipment	(29,576)	(46,846)
Proceeds from business sold	26,350	--
(Increase) decrease in other assets	(6,685)	(15,067)
Purchase of short-term investments	(186,869)	(232,868)
Purchase of long-term investments	(11,000)	(26,214)
Liquidation and maturity of short-term investments	164,834	135,590
Net cash used in investing activities	(33,921)	(105,412)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(4,638)	--
Increase in note receivable	(50,000)	--
Net proceeds from issuance of common stock	30,953	60,412
Net cash provided by (used in) financing activities	(23,685)	60,412
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,411	192,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	46,780	138,133
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 63,191	$ 330,225

</TABLE>

See accompanying notes to condensed consolidated financial statements.

INTUIT INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Intuit Inc. develops, sells and supports small business accounting, tax preparation and consumer finance desktop software products, financial supplies (such as computer checks, envelopes and invoices), and Internet products and services for individuals and small businesses. Our products and services are designed to automate commonly performed financial tasks and to simplify the way individuals and small businesses manage their finances. We sell our products throughout North America and in many international markets. Sales are made through retail distribution channels, traditional direct sales to customers and the Internet.

Basis of Presentation

Intuit has prepared the accompanying unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles for interim financial statements. We have included all adjustments considered necessary to give a fair presentation of our operating results for the periods shown. Results for the nine months ended April 30, 1999 do not necessarily indicate the results to be expected for the fiscal year ending July 31, 1999 or any other future period. The July 31, 1998 balance sheet was derived from audited financial statements but does not include all disclosures required for audited financial statements by generally accepted accounting principles. These statements and accompanying notes should be read together with the audited consolidated financial statements for the fiscal year ended July 31, 1998 included in Intuit's Form 10-K filed with the Securities and Exchange Commission.

Principles of Consolidation

The condensed consolidated financial statements include all of our accounts and those of our wholly-owned subsidiaries. We have eliminated all significant intercompany accounts and transactions. Investments in which management intends to maintain more than a temporary 20% to 50% interest, or otherwise has the ability to exercise significant influence, are accounted for under the equity method. Investments in which we have less than a 20% interest and/or do not have the ability to exercise significant influence are carried at the lower of cost or estimated realizable value.

Use of Estimates

To comply with generally accepted accounting principles, we make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes. Our most significant estimates are related to reserves for product returns and exchanges, reserves for rebates and the collectibility of accounts receivable. We also use estimates to determine the remaining economic lives and carrying value of goodwill, purchased intangibles, and fixed assets. Despite our intention to establish accurate estimates and assumptions, actual results may differ from our estimates.

Net Revenue

Intuit recognizes revenue upon shipment of our shrink-wrapped products based on "FOB shipping" terms. Because, under FOB shipping terms, title and risk of loss are transferred, and we have no continuing obligations, once our products are delivered to the shipper, we recognize revenue upon shipment, net of return reserves based on

historical experience. To recognize revenue, it must also be probable that we will collect the accounts receivable from our customers. Reserves are provided for excess quantities of current product versions, as well as previous versions of products still in the distribution channel when new versions are launched. In some situations, we receive advance payments from our customers. Revenue associated with these advance payments is deferred until the products are shipped or services are provided. We also reduce revenue by the estimated cost of rebates when products are shipped. Warranty reserves are provided at the time revenue is recognized for the estimated cost of replacing defective products.

We recognize revenue from Internet products and services when that revenue is "earned" based on the nature of the particular product or service. For Internet products and services that are provided over a period of time, revenue is recognized pro rata based on the passage of the contractual time period during which the product or service is to be provided or in accordance with agreed upon performance criteria. However, where the Internet product or service is to be provided or delivered at one point in time, revenue is recognized immediately upon delivery of the product or completion of the service, rather than over time. For example, we earn advertising revenues from third parties that advertise on certain of our websites and contract to run such advertisements for a particular period of time. In that case, the associated advertising revenue is recognized ratably over the contractual time period during which the advertising is to be placed. By contrast, for on-line transactions for which we receive a payment (such as the sale of insurance through our InsureMarket website), revenue is recognized upon completion of the transaction, assuming there are no remaining obligations on our part.

Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries and providing telephone assistance. In connection with the sale of certain products, Intuit provides free telephone support service to customers. This free service, also referred to as post-contract customer support, is included in this expense

category. We do not defer the recognition of any revenue associated with sales of these products, since the cost of providing this free support is insignificant. The support is provided within one year after the associated revenue is recognized (the vast majority of the support actually occurs within three months) and enhancements are minimal and infrequent. The estimated cost of providing this free support is accrued upon product shipment.

Intuit also offers several plans under which customers are charged for technical support assistance. Fees charged for these plans are collected in advance and are recognized as revenue over a period of time (generally one year) at a rate that is based on historical call volumes for support, which approximates when these services are performed. Costs incurred for fee for support plans are included in cost of goods sold.

Cash, Cash Equivalents and Short-Term Investments

Intuit considers highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Both cash equivalents and short-term investments are considered available-for-sale securities and are carried at amortized cost, which approximates fair value. Available-for-sale securities are classified as current assets based upon our intent and ability to use any and all of these securities as necessary to satisfy the significant short-term liquidity requirements that may arise from the highly seasonal and cyclical nature of our business. Based on our significant business seasonality, cash flow requirements within quarters may fluctuate dramatically and require us to use a significant amount of the cash investments held as available-for-sale securities.

The following schedule summarizes the estimated fair value of our cash, cash equivalents and short-term investments:

(In thousands)	JULY 31, 1998	APRIL 30, 1999 (Unaudited)
Cash and cash equivalents:		
Cash	$ 22,382	$108,648
Money market funds	6,972	177,192
Corporate notes	--	--
Commercial paper	--	3,300
Municipal bonds	81,927	41,085
U.S. Government securities	26,852	--
	$138,133	$330,225

(In thousands)	JULY 31, 1998	APRIL 30, 1999 (Unaudited)
Short-term investments:		
Certificates of deposit	$ 5,043	$ 68
Corporate notes	2,000	--
Commercial paper	--	23,141
Municipal bonds	256,297	310,979
U.S. Government securities	9,875	36,305
Restricted short-term investments	(28,516)	(34,568)
	$244,699	$335,925

The estimated fair value of cash equivalents and short-term investments classified by date of maturity is as follows:

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(In thousands)	JULY 31, 1998	APRIL 30, 1999 (Unaudited)

Due within one year	$225,241	$471,463
Due within two years	159,324	119,098
Due within three years	4,401	1,509
Restricted short-term investments	(28,516)	(34,568)
	$360,450	$557,502

For information about our restricted investments, see Note 7. Realized gains and losses from sales of each type of security were immaterial for all periods presented.

Marketable Securities

Our marketable securities are carried at fair value and include unrealized gains and losses, net of tax, in stockholders' equity. We held the following marketable securities at July 31, 1998 and April 30, 1999:

		GROSS UNREALIZED		
	COST	GAIN	LOSS	FAIR VALUE
JULY 31, 1998				
(In thousands)				
Checkfree Corporation common stock	$156,350	$106,000	$ --	$262,350
Excite, Inc. common stock	39,150	187,050	--	226,200
Verisign, Inc. common stock	2,000	5,750	--	7,750
Concentric Network Corporation common stock	--	2,985	--	2,985
	$197,500	$301,785	$ --	$499,285

		GROSS UNREALIZED		
	COST	GAIN	LOSS	FAIR VALUE
APRIL 30, 1999				
(In thousands; unaudited)				
Checkfree Corporation common stock	$150,081	$338,319	$ --	$ 488,400
Excite, Inc. common stock	37,463	569,187	--	606,650
	$187,544	$907,506	$ --	$1,095,050

We acquired the marketable securities described above in connection with the establishment of ongoing strategic business relationships with the companies in question, and, in the case of the Checkfree Corporation ("Checkfree") shares, as the purchase price for a subsidiary we sold to Checkfree in January 1997.

We account for the investment in Checkfree as an available-for-sale equity security, which accordingly is carried at market value. Checkfree common stock is quoted on the Nasdaq Stock Market under the symbol CKFR. The closing price of Checkfree common stock at April 30, 1999 was $48.00 per share. The closing price on June 7, 1999 was $39.875. At April 30, 1999, we held 10,175,000 shares, or approximately 19.7%, of Checkfree's outstanding common stock.

During the third fiscal quarter, we sold 125,000 shares of Verisign, 450,000 shares of Excite, and 90,600 shares of Concentric. In connection with these sales we recognized realized gains of $12.3 million, $39.3 million, and $7.0 million, respectively.

In June 1997, we purchased 5.8 million shares (as adjusted for a two-for-one stock split) of common stock of Excite. At the same time, we entered into an agreement with Excite that provides for the joint development, promotion and distribution of an online financial channel. As of April 30, 1999, Excite's

common stock was quoted on the Nasdaq Stock Market under the symbol XCIT. The closing price of Excite common stock at April 30, 1999 was $146.00 per share. On January 19, 1999, Excite and At Home Corporation ("At Home") announced a proposed merger in which At Home would acquire all of the outstanding stock of Excite and on May 28, 1999 the merger was completed (with the combined company now doing business as Excite@Home). In May 1999, we entered into a forward sale arrangement with respect to 4,350,000 shares of our Excite common stock. See Note 11 for more information about these transactions.

Checkfree and At Home are high technology companies whose stocks are subject to substantial volatility. Accordingly, it is possible that the market price of one or more of these companies' stocks could decline substantially and quickly, which could result in a material reduction in the carrying value of these assets.

Goodwill and Purchased Intangible Assets

We record goodwill when the cost of net assets we acquire exceeds their fair value. Goodwill is amortized on a straight-line basis over periods ranging from 3 to 5 years. The cost of identified intangibles is generally amortized on a straight-line basis over periods ranging from 1 to 10 years. We regularly perform reviews to determine if the carrying value of assets is impaired. The reviews look for the existence of facts or circumstances, either internal or external, which indicate that the carrying value of the asset cannot be recovered. No such impairment has been indicated to date. If, in the future, management determines the existence of impairment indicators, we would use undiscounted cash flows to initially determine whether impairment should be recognized. If necessary, we would perform a subsequent calculation to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets. If quoted market prices for the assets are not available, the fair value would be calculated using the present value of estimated expected future cash flows. The cash flow calculations would be based on management's best estimates, using appropriate assumptions and projections at the time.

Goodwill and purchased intangible assets consisted of the following:

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(In thousands)	LIFE IN YEARS	NET BALANCE AT JULY 31,1998	NET BALANCE AT APRIL 30, 1999 (Unaudited)
<S>	<C>	<C>	<C>
Goodwill	3-5	$285,793	$243,131
Customer lists	3-5	53,517	49,799
Covenant not to compete	3-5	2,211	2,723
Purchased technology	1-5	18,763	13,700
Assembled workforce	2-5	5,596	3,713
Trade names and logos	1-10	5,710	4,103

</TABLE>

Balances presented above are net of total accumulated amortization of $103.6 million and $176.2 million at July 31, 1998 and April 30, 1999, respectively.

Concentration of Credit Risk

Almost all of Intuit's operations are concentrated in the personal computer software industry, which is highly competitive and rapidly changing. Many circumstances could have an unfavorable impact on Intuit's operating results. Examples include significant technological changes in the industry, changes in customer requirements or the emergence of competitive products or services with new capabilities.

We are also subject to risks related to our significant balances of short-term investments, marketable securities and trade accounts receivable. At April 30, 1999, we held shares of Checkfree common stock representing approximately 19.7% of Checkfree's outstanding common stock. We also held approximately 9.9% of Excite's outstanding common stock as of April 30, 1999. Our ability to dispose of these securities is limited by trading volume and other legal and contractual restrictions. If there is a permanent decline in the value of these securities below cost, we will need to report this decline in our statement of operations. See "Marketable Securities," above in Note 1 for a discussion of risks associated with our marketable securities. See Note 11 for information regarding subsequent dispositions of certain shares of Excite common stock. Our remaining portfolio is diversified and consists primarily of short-term investment-grade securities.

To reduce the credit risk associated with accounts receivable, Intuit performs ongoing evaluations of customer credit. Generally, no collateral is required. We maintain reserves for estimated credit losses and these losses have historically

been within our expectations.

Recent Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures About Segments of an Enterprise and Related Information." This statement establishes standards for the way companies report information about operating segments in financial statements. It also sets standards for related disclosures about products and services, geographic areas and major customers. The disclosures prescribed by SFAS 131 will be adopted for the fiscal year ending July 31, 1999.

Change in Estimate of Goodwill Amortization

Our statements of operations reflect a change in estimate for the amortization life of remaining goodwill related to the June 1998 acquisition of Lacerte from three years to five years, commencing with the first quarter of fiscal 1999. The change resulted in a $28.5 million decrease in amortization expense and an increase in net income by approximately $17.1 million, or $0.27 per share, for the nine months ended April 30, 1999 but will result in continuing amortization expenses (with a corresponding decrease in net income) during fiscal 2002 and 2003.

Reclassifications

Certain previously reported amounts have been reclassified to conform to the current presentation format.

2. PER SHARE DATA

Basic income per share is computed using the weighted average number of common shares outstanding during the period. Diluted income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of the shares issuable upon the exercise of stock options under the treasury stock method. In loss periods, basic and dilutive loss per share is identical since the impact of equivalent shares is anti-dilutive.

3. COMPREHENSIVE NET INCOME

As of August 1, 1998, Intuit adopted SFAS 130, "Reporting Comprehensive Income." SFAS 130 establishes new rules for the reporting and display of comprehensive net income and its components. However, it has no impact on our net income or stockholders' equity as presented in our financial statements. SFAS 130 requires foreign currency translation adjustments and changes in the fair value of available for sale securities to be included in comprehensive income.

The components of comprehensive net income, net of tax, are as follows:

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	NINE MONTHS ENDED APRIL 30,	
	1998	1999
(In thousands; unaudited)		
<S>	<C>	<C>
Net income	$ 26,879	$ 113,222
Unrealized gain on marketable securities	148,367	364,243
Change in cumulative translation adjustment	1,475	(2,710)
Comprehensive net income	$ 176,721	$ 474,755

</TABLE>

4. ACQUISITIONS

In June 1998, we acquired substantially all of the assets of Lacerte Software Corporation and Lacerte Educational Services Corporation (together, "Lacerte"), for cash. Lacerte is a leading developer and marketer of tax preparation software and services for tax professionals. The purchase price was approximately $400 million. In addition, we

assumed liabilities of $31.8 million. We funded the acquisition by a public offering of 10.0 million shares of common stock, completed in the fourth quarter

of fiscal 1998.

The acquisition of Lacerte was treated as a purchase for accounting purposes. We allocated approximately $358.2 million of the purchase price to identified intangible assets and goodwill. These assets are being amortized over periods of two to five years. We also expensed approximately $53.8 million of in-process research and development in the quarter ended July 31, 1998. The following table shows pro forma net revenue, net income and diluted net income per share of Intuit and Lacerte as if we had acquired Lacerte at the beginning of fiscal 1998, excluding the impact of the one-time charge for in-process research and development:

(In thousands, except per share data; unaudited)	NINE MONTHS ENDED APRIL 30, 1998 PRO FORMA	NINE MONTHS ENDED APRIL 30, 1998 AS REPORTED
Net revenue	$548,969	$475,467
Net income	14,334	26,879
Diluted net income per share	$ 0.24	$ 0.54

On April 7, 1999, we acquired the customer list and intellectual property rights of TaxByte, Inc., for approximately $11 million in cash. TaxByte was a professional tax preparation software company with a customer base of approximately 3,600 professional tax preparation firms. The acquisition was treated as a purchase for accounting purposes and the entire purchase price was allocated to identified intangible assets and goodwill to be amortized over five years. No tangible assets were acquired or liabilities assumed in connection with the purchase.

On March 2, 1999, we announced that we had reached a definitive agreement to acquire Computing Resources, Inc. ("CRI"), a Reno, Nevada-based provider of payroll services. The transaction was completed on May 3, 1999. See Note 11.

5. DISCONTINUED OPERATIONS AND DIVESTITURES

On August 7, 1997, we sold Parsons, our consumer software and direct marketing subsidiary, to Broderbund Software, Inc. for approximately $31 million. As a result of the sale, Broderbund acquired net assets of approximately $17 million and we incurred direct costs of approximately $9.5 million. We also recorded a pre-tax gain of $4.3 million and a related tax provision of $2.7 million in the quarter ended October 31, 1997.

6. OTHER ACCRUED LIABILITIES

(In thousands) (Unaudited)	JULY 31, 1998	APRIL 30, 1999
Reserve for returns and exchanges	$ 60,343	$106,360
Acquisition and disposition related items	19,181	11,231
Rebates	16,870	33,397
Post-contract customer support	4,433	4,875
Other accruals	23,993	43,312
	$124,820	$199,175

7. NOTES PAYABLE AND COMMITMENTS

In March 1997, our Japanese subsidiary, Intuit KK, entered into a three-year loan agreement with Japanese banks for approximately $30.3 million used to fund its acquisition of Nihon Micom. The loan is denominated in Japanese yen and is therefore subject to foreign currency fluctuations when translated to U.S. dollars for reporting purposes. The interest rate is variable based on the Tokyo inter-bank offered rate or the short-term prime rate offered in Japan.

At April 30, 1999, the rate was approximately 0.5%. The fair value of the loan approximates cost as the interest rate on the borrowings is adjusted periodically to reflect market rates (which are currently significantly lower in Japan than in the United States). We have guaranteed the loan and pledged

approximately $34.6 million, or 110% of the loan balance, of short-term investments to be restricted as security for the borrowings at April 30, 1999. We are obligated to pay interest only until March 2000.

8. INCOME TAXES

Intuit computes the provision (benefit) for income taxes by applying the estimated annual effective tax rate to recurring operations and other taxable items. Our effective tax rate differs from the federal statutory rate primarily because of tax credits, tax exempt interest income, state taxes and certain foreign losses.

9. LITIGATION

Intuit is currently a defendant in the following two consolidated class action lawsuits alleging that certain of its Quicken products have on-line banking functions that are not Year 2000 compliant: (1) In re Intuit Inc. Year 2000 California Litigation (consolidated in Santa Clara County, California Superior Court from Alan Issokson v. Intuit Inc. (filed April 29, 1998 in the Santa Clara County, California Superior Court); Joseph Rubin v. Intuit Inc. (filed May 27, 1998 in the Santa Clara County, California Superior Court); Donald Colbourn v. Intuit Inc. (filed June 4, 1998 in the San Mateo County, California Superior Court)); and (2) In re Intuit Inc. Year 2000 Litigation (consolidated in the New York Supreme Court, New York County from Rocco Chilelli v. Intuit Inc. (filed May 13, 1998 in the New York Supreme Court, Nassau County); Glenn Faegenburg v. Intuit Inc. (filed May 27, 1998 in the New York Supreme Court, New York County); and Jerald M. Stein v. Intuit Inc. (filed June 23, 1998 in the New York Supreme Court, New York County)). The lawsuits are substantively very similar. The lawsuits assert breach of implied warranty claims, violations of federal and/or state consumer protection laws, and violations of various state business practices laws, and the plaintiffs seek compensatory damages, disgorgement of profits, and (in certain cases) attorneys' fees. See MD&A, page 24, for a discussion of Intuit's status and plans with respect to Year 2000 compliance.

On June 23, 1998, Intuit filed a demurrer in the Issokson complaint. In August 1998, our motion was granted but the plaintiff was provided an opportunity to amend the complaint to allege injury. Issokson, Rubin and Colbourn filed a consolidated amended complaint on October 9, 1998. Intuit filed a demurrer to the amended complaint on November 9, 1998. The court sustained Intuit's demurrer on January 27, 1999, dismissing the contract and fraud claims with prejudice and granting a leave to amend on plaintiffs' injunction and unfair business practices claim. On February 26, 1999, Issokson, Rubin and Colbourn filed a Second Amended Complaint alleging that Intuit has engaged in unfair business practices and seeking injunctive and equitable relief. Intuit filed demurrers to the Second Amended Complaint's only remaining claims and class allegations, which were sustained with leave to amend by the court on May 7, 1999. The plaintiffs have indicated that they intend to file a Third Amended Complaint. We believe we have good and valid defenses to the claims asserted, and we intend to vigorously defend against the lawsuit.

We have also filed motions to dismiss in the New York actions and on December 1, 1998, the court granted our motion to dismiss all the New York actions with prejudice. Plaintiffs have filed a Notice of Appeal.

Intuit also understands that, sometime in the last 9 months, a suit was filed in the Contra Costa County, California Superior Court by an individual consumer against various retailers, including Circuit City Stores, CompUSA, Fry's Electronics, Office Depot, The Good Guys and others, alleging that these retailers have sold software and hardware products which are not Year 2000 compliant, including at least one product published by Intuit. Intuit has received information indicating that one of the defendants in this action, Fry's Electronics, may have filed a cross-complaint against various software publishers and hardware manufacturers, including Intuit, asserting a claim for indemnity in the main action. Intuit has not been served with or received a copy of any such cross-complaint.

On March 3, 1999, Intuit filed a complaint against Checkfree Corporation in the Santa Clara County, California Superior Court, seeking damages and injunctive relief. The complaint alleged that Checkfree was not complying with the terms of its April 1998 bill presentment agreement with Intuit, in which Checkfree agreed to support web-based bill presentment products offered through Intuit with its processing services, and not to offer web-based bill presentment products of its own except through Intuit in certain distribution channels. At approximately the same time, Checkfree filed an arbitration proceeding against Intuit arising out of the same 1998 agreement. Intuit owns 19.7% of Checkfree's outstanding Common Stock (see Note 1). On May 21, 1999, the parties executed a settlement agreement by which all claims asserted by each party were dismissed with prejudice. The arbitration was dismissed with prejudice on May 24, 1999, and Intuit's suit against Checkfree was dismissed with prejudice on May 25, 1999.

We are subject to other legal proceedings and claims that arise in the normal

course of our business. We currently believe that the ultimate amount of liability, if any, for any pending actions (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

10. RELATED PARTY TRANSACTIONS

We held approximately 9.9% of Excite's outstanding common stock as of April 30, 1999. We reported revenue from Excite for shared advertising activities of $ 3.1 million and $6.9 million for the three and nine months ended April 30, 1998 and $5.9 million and $17.6 million for the three and nine months ended April 30, 1999, respectively.

As of April 30, 1999, we held approximately 19.7% of Checkfree's outstanding common stock. In exchange for providing connectivity between Checkfree's bill payment processing service and our Quicken products, we reported revenues of $0.2 million and $12.9 million from Checkfree for the three and nine months ended April 30, 1998 and $1.6 million and $4.0 million for the three and nine months ended April 30, 1999, respectively. The revenue from Checkfree for the nine months ended April 30, 1998 includes a royalty payment of $10 million received in October 1997. We held a receivable due from Checkfree for $4.4 million and $1.6 million at July 31, 1998 and April 30, 1999, respectively.

As of April 30, 1999, we held a 49% equity interest, and an option to purchase the remaining equity interests, in Venture Finance Software Corporation ("VFSC"). We have entered into an agreement with VFSC to provide them with services related to on-going development of Web-oriented finance products. We held a note receivable from VFSC with outstanding balances of $7.3 million and $6.0 million at July 31, 1998 and April 30, 1999, respectively, representing amounts due to us from VFSC for development and administrative services we provided to VFSC.

11. SUBSEQUENT EVENTS

On May 3, 1999, we completed our acquisition of Computing Resources, Inc. ("CRI"), a Reno, Nevada-based provider of payroll services. Since October 1998, Intuit has been offering payroll services through CRI to its QuickBooks small business customers. These payroll services include payroll tax filing, tax deposit services and direct deposit of employee wage payments. CRI is one of the country's largest payroll services companies and a leader in providing payroll services to small businesses. The purchase price for privately-held CRI was approximately $200 million, consisting of approximately $100 million in cash and approximately $25 million of Intuit stock to be paid at the closing, and approximately $75 million in cash to be paid in three annual installments of approximately $25 million each.

On May 5, 1999, we entered into definitive agreements (including a Securities Contract and Pledge Agreement) with Credit Suisse Financial Products ("CSFP") for the forward sale of 4,350,000 shares of Excite Common Stock. On May 28, 1999, our shares of Excite Common Stock were converted into shares of At Home as a result of a merger between Excite and At Home Corporation. In June 1999, we expect to settle the forward sale arrangement. At settlement, we will receive approximately $451.4 million from CSFP (representing the proceeds from prior sales

by CSFP of 4.350,000 shares of Excite's Common Stock), less a negotiated fee, and to deliver stock certificates to CSFP for 4,350,000 shares of Excite Common Stock, which now represent 4,532,273 shares of Class A Common Stock of At Home. As a result of this transaction, we expect to record a realized gain of approximately $253.2 million, net of tax, in the fourth quarter of fiscal 1999.

Pursuant to an agreement entered into on May 17, 1999, we completed a $50 million investment in Security First Technologies ("Security First") on May 27, 1999. Security First delivers enterprise-wide Internet applications for financial institutions. We purchased 970,813 shares of common stock at a price of $51.50 per share, which represents approximately 3.8% of Security First's outstanding common stock. In connection with this agreement, we also received an option to purchase 3,629,187 additional shares of Security First common stock, which will become exercisable if Security First completes its planned acquisition of Edify Corporation (a publicly held California-based provider of Internet and voice electronic commerce solutions), and an option to purchase an additional 1,800,000 shares of common stock if Security First completes its planned acquisition of FICS Group, N.V. (a privately held Belgium-based provider of regulatory financial reporting and remote electronic banking software). These options are exercisable at a per share purchase price of $51.50. Our investment in Security First was made in connection with establishing a strategic relationship to deliver online financial software and services to financial institutions. The common stock of Security First is quoted on the Nasdaq Stock

Market under the symbol "SONE." The closing price of Security First common stock on June 7, 1999 was $40,625.

On June 11, 1999, we acquired the customer list and intellectual property rights of Compucraft Tax Services, LLC, for approximately $8 million in cash with a provision that could increase the overall purchase price if certain performance targets are met. Compucraft was a professional tax preparation service bureau company with an active customer base of approximately 3,400 professional tax preparation firms. The acquisition will be treated as a purchase for accounting purposes.

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ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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CAUTIONS ABOUT FORWARD LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements about events and circumstances that have not yet occurred. For example, statements including terms such as we "expect" or "anticipate" are forward-looking statements. Investors should be aware that our actual results may differ materially from Intuit's expressed expectations because of risks and uncertainties about the future. We will not necessarily update the information in this Form 10-Q if and when any forward-looking statement later turns out to be inaccurate. Risks and uncertainties that may affect future results and performance include, but are not limited to the following: intense competition and pricing pressures, particularly in the personal tax software market; potentially slower market growth rates in the small business area and our ability to leverage our existing small business customer base to take advantage of any market growth and to increase the number of small business customers using our payroll processing service; our strategy and implementation with respect to the Internet and our Internet-based businesses, including but not limited our ability to timely adapt and expand our product, service and content offerings for the Internet environment, our ability to operationally support and manage these new Internet businesses, the success of our business relationships with Excite@Home, AOL, and others in continuing to increase traffic to Quicken.com, the costs of implementing our Internet strategy, the impact of interest rate fluctuations on our online mortgage business, and the uncertainty as to the timing and amount of future Internet-related revenue and profits; the timing of availability for future products and services; market growth, sales and upgrade rates for our QuickBooks multi-user product; the value, size and market volatility of our equity investments in other companies, including Checkfree Corporation, At Home Corporation and Security First Technologies; our ability to achieve Year 2000 readiness in our business operations, our products and our dealings with significant third parties; the expected impact of our recent acquisition of Computing Resources, Inc. ("CRI") and our ability to successfully manage and operate the payroll processing business acquired from CRI, which is a new type of business for Intuit; the impact of acquisitions generally; our relationships with retailers and other issues with respect to our distribution channels; results for our international operations; and risks associated with regulated businesses such as insurance and mortgage lending. Additional information about factors that could affect future results and events is included our fiscal 1998 Form10-K, our Form 10-Qs for the first and second quarters of fiscal 1999, and other reports filed with the Securities and Exchange Commission.

OVERVIEW

Intuit's mission is to revolutionize the way individuals and small businesses manage their finances. To achieve this goal, we create, sell and support small business accounting, tax preparation and consumer finance software products, financial supplies (such as computer checks, invoices and envelopes), and Internet products for individuals and small businesses. Our revenues come primarily from the United States, Japan, Germany, Canada and the United Kingdom, through retail distribution channels, direct customer sales and via the Internet.

While desktop software and related products and services now provide most of our revenue, our Internet commerce revenue is growing rapidly. The Internet is a pervasive force that has fundamentally changed the way we do business. It is becoming increasingly important to all of our business divisions, both as the platform for new products and services, and as an incremental, cost-effective distribution channel. For example, the Internet is the foundation for our insurance and mortgage marketspaces, the online payroll service for small businesses that we recently introduced through our QuickBooks product and our Quicken Store website, where customers can purchase and download desktop software products and obtain customer service. We also use the Internet to host our technical support website where we can quickly and cost-effectively provide patches for product bugs and provide customers with answers to frequently asked questions.

We use the term "Internet commerce" to refer to all of our Internet-based business activities. Internet commerce has two components: Internet products and electronic distribution. Internet products include activities in which the customer realizes the value of the goods or services directly on the Internet or an Intuit server. Internet product revenues include, for example, advertising revenues generated on our Quicken.com website, online tax preparation and electronic filing revenues, on-line payroll service revenues and transaction and processing fees from our online insurance and online mortgage marketspaces. Electronic distribution activities include the electronic ordering and/or electronic delivery of traditional desktop software products and financial supplies through the Internet.

While we have made significant progress in our Internet commerce activities, investors should be aware that initial success achieved in these areas will not necessarily result in improved financial results. We believe that the dramatic growth of the Internet will give us significant opportunities to grow our revenue over the next several years. However, revenue from Internet commerce was only approximately 14% of total revenue for the nine months ending April 30, 1999 (approximately 8% for Internet products and 6% for electronic distribution). It should be noted that Internet revenues are not reported separately in our financial statements; instead, each of our business divisions reports Internet commerce revenues that are specific to its operations and are included in its results.

Our business is highly seasonal. Sales of tax products are heavily concentrated from November through March. Sales of consumer finance and small business products are typically strongest during the year-end holiday buying season, and therefore our major product launches usually occur in the fall to take advantage of this customer buying pattern. These seasonal patterns mean that revenue is usually strongest during the quarters ending January 31 and April 30. We experience lower revenues for the quarters ending July 31 and October 31, while our operating expenses to develop and manage products and services continue to be incurred during these periods. These seasonal trends can result in significant operating losses, particularly in the July 31 and October 31 quarters when our revenues are lower. The seasonality of our revenue patterns has been further intensified by our June 1998 acquisition of Lacerte, a professional tax software company. Operating results can also fluctuate for other reasons, such as changes in product release dates, non-recurring events such as acquisitions and dispositions, and product price cuts in quarters that have relatively high fixed expenses. Acquisitions and dispositions in particular can have a significant impact on the comparability of both our quarterly and yearly results.

RESULTS OF OPERATIONS

Set forth below are certain consolidated statements of operations data for the three and nine-month periods ended April 30, 1998 and 1999. Investors should note that results for the three and nine-month periods ended April 30, 1999 include activity for our Lacerte subsidiary, which was acquired in June 1998. The corresponding year ago periods did not include results for Lacerte.

Since the business of selling software and related services is considerably different from our supplies business, we break them out separately for financial reporting purposes. The following revenue discussion is categorized by our business divisions, which is how we examine results internally. Our domestic supplies business is considered a part of our small business division while the international supplies business is considered part of our international division.

NET REVENUE
<TABLE>
<CAPTION>

	Three Months Ended April 30,			Nine Months Ended April 30,		
(Dollars in millions; unaudited)	1998	Change	1999	1998	Change	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Software	$118.8	79%	$212.4	$404.1	53%	$617.1
% of revenue	84%		89%	85%		88%
Supplies	$ 23.2	18%	$ 27.3	$ 71.4	13%	$ 80.5
% of revenue	16%		11%	15%		12%
Total	$142.0	69%	$239.7	$475.5	47%	$697.6

</TABLE>

Small Business Division. Small business division revenues come primarily from the following sources:

- QuickBooks product line
- Supplies products (including checks, envelopes and invoices)
- Tax table services
- Support fees for the QuickBooks Support Network
- Payroll processing fees

Overall, revenue for the division was up 93% and 52% for the three and nine-month periods ended April 30, 1999, respectively, compared to the same periods a year ago. The increases were primarily a result of the timing of recent QuickBooks releases that occurred in June 1998 (version 6.0) and January 1999 (QuickBooks '99). Prior to these releases, we had not launched a new version of QuickBooks since December 1996 (version 5.0). As a result, the current three and nine-month periods compare favorably to the same periods of the prior year, which did not realize the benefit of a recent QuickBooks product launch. Current fiscal year revenues also benefited from an increase in revenue per customer, due primarily to an improvement in the mix of QuickBooks sales toward higher priced, greater functionality products.

Domestic supplies revenues, which are part of the small business division, grew by 17% and 13% for the three and nine-month periods ended April 30, 1999, respectively, as a result of our increasing base of small business customers who use QuickBooks and Quicken. Though they are a smaller component of small business division revenues, tax tables service revenue and fees charged for telephone support also grew substantially in the three and nine months ended April 30, 1999 compared to the same periods of the prior year.

In October 1998, we introduced our new payroll processing service. The service is offered through our QuickBooks products (version 6.0 and QuickBooks '99) and handles all aspects of payroll processing, including calculation and electronic depositing of federal and state payroll tax withholdings, electronic direct deposit of paychecks, preparation and filing of quarterly and annual payroll tax returns and creation of employee W-2 forms. While payroll processing provides us with a significant opportunity to generate revenues, it also introduces new risks. For example, we are managing the new customer activation process at a measured rate in order to provide high quality service levels and to minimize the impact of any potential service disruptions during the initial phases of the service. In addition, the payroll processing business has been unprofitable in its initial stages as we make systems and infrastructure investments required for this new business and incur acquisition, activation and set-up costs for new payroll service customers. We expect the QuickBooks payroll processing business to remain unprofitable until we are able to accumulate a large number of subscribers who have used the service long enough for us to recover these up-front costs. Though initial customer reaction to this service has been positive, it has not been a significant contributor to our financial performance in fiscal 1999.

In connection with this new payroll service business and consistent with our strategy to expand products and service offerings to our small business customers, we completed our acquisition of Computing Resources, Inc. ("CRI") on May 3, 1999 (see Note 11). CRI has been our payroll processing service provider since October 1998. This acquisition will result in significant future acquisition related costs, as well as new business risks and integration challenges common in all acquisitions. For example, if we are unable to provide accurate and timely payroll information, cash deposits or tax return filings, that failure could be costly to correct and may have a significant negative impact on our ability to attract and retain customers, who we believe will have a low tolerance for payroll processing errors. Our ability to successfully operate CRI will depend in part on retaining their existing customers and maintaining relationships with certain banks and other third parties who we will rely on to retain existing

customers and attract new customers outside of our QuickBooks customer base. If we are unable to do so, it could result in a negative impact on our consolidated results.

Tax Division. Tax division revenues come primarily from the following sources:

- TurboTax and MacInTax personal tax preparation products
- Professional tax preparation products (ProSeries and Lacerte product lines)
- Electronic tax return preparation and filing fees

Overall, tax division revenues for the three and nine months ended April 30, 1999 grew 100% and 84% respectively, compared to the same periods last year.

Fiscal 1999 includes operating results for our Lacerte subsidiary which was acquired in June 1998, while fiscal 1998 results do not include Lacerte. Excluding Lacerte from our fiscal 1999 results, tax division revenues would have increased by 48% and 36% over the same periods. Growth in our tax business was driven by our TurboTax product line which experienced significantly higher unit sales due in part to an increasing number of taxpayers using personal computers to prepare tax returns. This unit sales growth was partially offset by lower average selling prices due to a higher percentage of customers buying our lower priced regular products compared to deluxe versions and increased price competition, primarily from H&R Block's aggressively priced TaxCut product. TurboTax results benefited from strong growth in industry-wide retail sales of personal tax products, though TurboTax growth was lower than the industry growth rate, resulting in a slight decline in retail market share. We will not be able to determine final TurboTax sales until retailers return unsold products during the next two quarters. While we believe our reserves for returned product are adequate to cover actual returns, higher than expected returns could have a negative impact on revenue for the season.

Though they are a smaller component of tax division revenues, we also experienced significant revenue increases for our Web TurboTax product and electronic filing service compared to last year as a greater number of customers gained Internet access and became more accustomed to processing transactions on-line. While we believe that the increasing popularity of the Internet will provide future revenue growth opportunities for these Internet-based tax offerings, there are also risks. For example, with lower barriers to entry, we expect a greater number of competitors offering Internet-based products and services than we experience with our traditional desktop software business. In addition, service interruptions can have significant negative financial and public relations consequences. We experienced an interruption in our electronic filing services in February 1999 due to a power outage, which was not significant because it was early in the tax season. However, the heavy volume of, and peak filings periods for, electronically filed returns caused our routine server maintenance procedures to take longer than expected, and the procedures caused the electronic filing service to be unavailable for 14 hours on April 11-12, 1999. We do not believe this service outage had a material financial impact, prevented customers from completing and filing their returns in a timely manner or posed a risk that customer data would be lost or corrupted. However, we did experience negative publicity. The exact level of future demand for Web TurboTax and electronic filing will be very difficult to predict, and in future tax seasons we could experience adverse financial and public relations consequences if these services are unavailable due to technical difficulties or other reasons.

Though Microsoft Corporation did not release a competing product for this tax season, we believe they will enter the personal tax preparation software market next year. If Microsoft enters the market, their superior financial resources and strong presence in retail distribution channels could result in an increasingly competitive environment next tax season and beyond. If the average selling price of our tax products were to decrease, or if we were to lose significant market share as a result of increased future competition, our operating results would suffer.

Excluding Lacerte from fiscal 1999 operating results, our professional tax (ProSeries) product sales increased by 30% and 14% for the three and nine months ended April 30, 1999, respectively, compared to the same periods a year ago. This growth occurred primarily because we have been successful in retaining our customers from prior years and in many cases have upgraded them to higher priced products. Revenue from Lacerte products also grew compared to last year (though Lacerte's prior year revenues are not reported in our operating results) due in part to price increases and a high customer retention rate.

Consumer Finance Division. Consumer finance division revenues come primarily from the following sources:

- Quicken product line
- Advertising and sponsorship fees from the consumer areas of our Quicken.com website
- Implementation, marketing and transaction fees from financial institutions (including marketspace participants) providing services through Quicken and Quicken.com

Overall, consumer finance division revenues were up 34% and 11% for the three and nine-month periods ended April 30, 1999 compared to the same periods a year ago. Excluding the impact of a nonrecurring $10 million royalty fee from Checkfree in the first quarter of fiscal 1998, revenue growth would have been 24% for the nine months ended April 30, 1999. Quicken revenue was roughly flat for the three months ended April 30, 1999 compared to the same period in fiscal 1998. For the nine months ended April 30, 1999, Quicken revenue grew 4% compared to the same year-ago period due primarily to an approximately 5 week earlier

release of Quicken this year and higher unit sales resulting from our Quicken/TurboTax bundle promotion. This was partially offset by a higher percentage of customers purchasing our lower priced Quicken Basic products compared to our Quicken Deluxe versions and increased rebate incentives offered to customers who purchased the Quicken/TurboTax bundle.

While we expect Quicken revenue to remain roughly flat for fiscal 1999, there is a risk that it will decline in future periods. In fiscal 1997, Quicken experienced over a 20% decline in revenues and there is no assurance that similar declines will not occur in the future. For example, sales could suffer if customers become less inclined to make upgrade purchases, if our competitors were to lower their prices or if the demand for personal finance desktop software declines significantly.

Consumer division revenue growth was primarily the result of increased Internet-based revenues which grew by 69% and 77% for the three and nine months ended April 30, 1999, respectively, compared to the same periods last year. This increase was largely due to higher advertising, sponsorship and transaction-related revenue through Quicken.com and Quicken. However, revenue growth was not uniform across all Internet product and service offerings. For example, advertising revenue and transaction fees from our QuickenMortgage marketspace have grown relatively rapidly while fees from our InsureMarket marketspace have grown at a slower pace. Total Quicken.com page views for the month of April 1999 were up approximately 130% compared to April 1998. While page view growth has been strong, traffic volumes can vary significantly from month to month due to seasonal trends, site performance, the timing of launches, competitor's activities, and other factors.

The rapid growth we've experienced in our Internet products and services has been generated in part by collaborating with third party online service and content providers such as Excite and AOL, which have helped to increase traffic to our Quicken.com website. The Excite agreement calls for us to share revenue generated from our Quicken.com site and the AOL agreement calls for us to make significant guaranteed payments to AOL over the term of the agreement. While the Internet provides a significant opportunity for revenue growth, our financial commitments to these and other third party providers are significant and we must continue to increase traffic and revenue in order to be profitable. If our website traffic and revenue expectations aren't met, there could be a significant negative impact on our operating results.

We currently expect the recently completed merger between Excite and At Home (see Note 1) to have a neutral or positive impact on our business relationship with Excite. Since the newly merged company (doing business under the name Excite@Home) is expected to offer increased opportunities for distribution of Excite's online financial content, we believe this should benefit Intuit. However, our diminished ownership interest in the larger, combined company and our divestiture of a significant portion of Excite stock (see Note 11) could have a negative impact on our future relationship with Excite@Home.

International Division. International division revenues come primarily from the following sources:

- Japanese small business products
- German Quicken, QuickBooks and Tax products
- Canadian Quicken, QuickBooks and Tax products
- United Kingdom Quicken and QuickBooks products

In addition to the above, we also operate in smaller European, Asian and Latin American markets. Overall, international division revenues were down 23% and 12% for the three and nine-month periods ended April 30, 1999, respectively, compared to the same periods last year. This decrease is a result of lower sales in Germany and the U.K, which is largely due to later releases of Quicken and QuickBooks in those countries compared to prior year periods. This was partially offset by increased revenues in Canada across all product lines. In Japan, our largest international subsidiary, sales were roughly flat reflecting lower sales of small business products for the high-end market that we acquired in connection with our acquisitions of Milky Way and Nihon Micom, offset by sales of our Japanese QuickBooks product which was introduced in September 1998. The launch of QuickBooks in Japan is intended to target a lower priced market than our other Japanese small business products currently reach. Though we have increased our retail market share in Japan since the launch of QuickBooks, the overall market for small business products and services in Japan continues to suffer due primarily to poor economic conditions.

As part of our business strategy, we have refocused our European operations towards small businesses in selected larger markets. As a result, we have devoted fewer resources to consumer finance and tax products and to smaller geographic markets during fiscal 1999. While we expect that international

revenues will be slightly down for the entire fiscal year 1999, there is a risk that revenues in future periods could be significantly lower if our strategic initiatives are not effective.

COST OF GOODS SOLD

(Dollars in millions; unaudited)	Three Months Ended April 30,			Nine Months Ended April 30,		
	1998	Change	1999	1998	Change	1999
Product	$ 29.3	71%	$50.1	$97.2	55%	$151.1
% of revenue	21%		21%	21%		22%
Amortization of purchased software & other	$ 0.6	217%	$ 1.9	$ 1.9	195%	$ 5.6
% of revenue			0%	1%	0%	1%
Total	$ 29.9	74%	$52.0	$99.1	58%	$156.7
% of revenue	21%		22%	21%		23%

There are two components of cost of goods sold. The largest is the direct cost of manufacturing and shipping products, offering Internet-based products and services, providing our fee for support programs and offering our payroll service. The second component is the amortization of purchased software, which is the cost of products obtained through acquisitions. Total cost of goods sold increased to 22% and 23% of revenue for the three and nine months ended April 30, 1999 respectively, compared to 21% for the same periods of the prior year. This increase is primarily attributable to two factors. First, consistent with our growing Internet-based business, we are experiencing a significant increase in related hardware and infrastructure costs as we purchase equipment to increase our Internet capability. These costs are classified as cost of goods sold and, as a percentage of revenue, are significantly higher than the costs of goods sold for our traditional desktop software business. These infrastructure costs tend to result from the depreciation of capital assets which are generally expensed evenly over the estimated useful lives of the assets. As a result, cost of goods sold as a percentage of revenue may fluctuate significantly, particularly on a quarterly basis, as they become more fixed in nature and less connected to the direct cost of manufacturing and shipping software products. For example, although in a quarter with low revenues we will

usually have a proportionately lower cost of goods sold because we ship fewer products, the cost of goods sold from our Internet infrastructure will not decrease proportionately and thus will inflate the cost of goods sold as a percentage of revenue for that quarter. Second, we have also experienced significant increases in our revenues from fee for support programs. The cost of goods sold associated with these programs is also larger as a percentage of revenue than cost of goods sold for our traditional desktop software business. Consequently, as revenues from our Internet-related businesses and fee for support programs become a larger portion of our overall revenue, our cost of goods sold as a percentage of revenue is likely to increase.

Due to expected growth in higher cost of goods sold businesses such as our Internet-based initiatives, fee for support programs and our online payroll service, we believe cost of goods sold as a percentage of revenue for fiscal 1999 will exceed what we experienced in fiscal 1998. If we experience errors in current or future products, there could be incremental increases in cost of goods sold that could adversely effect our operating results.

OPERATING EXPENSES

(Dollars in millions; unaudited)	Three Months Ended April 30,			Nine Months Ended April 30,		
	1998	Change	1999	1998	Change	1999

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Customer service & technical support	$26.4	8%	$28.6	$ 91.8	7%	$ 98.3
% of revenue	19%		12%	19%		14%
Selling & marketing	$55.1	(20%)	$43.9	$134.0	13%	$151.5
% of revenue	39%		18%	28%		22%
Research & development	$25.4	35%	$34.3	$ 78.2	33%	$104.3
% of revenue	18%		14%	16%		15%
General and administrative	$ 9.2	57%	$14.4	$ 27.4	49%	$ 40.7
% of revenue	6%		6%	6%		6%
Other acquisition costs, including amortization of goodwill and purchased intangibles	$ 3.4	518%	$21.0	$ 12.2	415%	$ 62.8
% of revenue	2%		9%	3%		9%

</TABLE>

Customer Service and Technical Support. Customer service and technical support expenses decreased to 12% and 14% of revenue for the three and nine months ended April 30, 1999, respectively, compared to 19% for the same periods of the prior year. These improvements reflect the continuing benefit from cost reductions resulting from the restructuring and consolidation of our technical support facilities in the United States and Europe in the fourth quarter of fiscal 1997 and a greater proportion of expenses shifting into cost of sales as a result of our expanding Internet related and fee for support initiatives. We have also benefited from our efforts to provide customer service and technical support less expensively through websites and other electronic means. During the second and third quarters of fiscal 1999, many customers experienced unusually long hold times for customer service calls. We may need to increase customer service and technical support expenses as a percentage of revenue in the fourth quarter of fiscal 1999 and in fiscal 2000, in order to improve customer service levels and also to handle customer questions relating to Year 2000 compliance issues. In addition, if we experience product errors, poor service levels or service outages for our web-based products, it may result in significant additional customer service and technical support expenses or customer dissatisfaction.

Selling and Marketing. Selling and marketing expenses were 18% and 22% of revenue for the three and nine months ended April 30, 1999, respectively, compared to 39% and 28% for the same periods of the prior year. Prior year selling and marketing expenses included a $16.2 million charge for the AOL agreement entered into in February 1998. Excluding this charge, selling and marketing expenses would have been 27% and 25% of revenue

for the three and nine months ended April 30, 1998. This decrease is primarily the result of our acquisition of Lacerte, which experiences comparatively lower selling and marketing expenses as a percentage of revenue. The positive impact of Lacerte was partially offset by increased TV and radio advertising for our Quicken product line and additional costs related to the promotion of QuickBooks and the payroll product launch. We expect selling and marketing costs as a percentage of revenue to decline slightly in fiscal 1999 compared to fiscal 1998.

Research and Development. Research and development expenses decreased to 14% and 15% of revenue for the three and nine months ended April 30, 1999, respectively, compared to 18% and 16% for the same periods of the prior year. This decrease is due in part to our acquisition of Lacerte which experiences comparatively lower research and development expenses as a percentage of revenue. We expect research and development expenses to remain roughly flat as a percentage of revenue for fiscal year 1999 compared to fiscal 1998. However, if these expenses exceed our current expectations, they may have an adverse effect on operating results. This could occur, for example, if we were to undertake a costly product development venture in response to competitive pressures or other market conditions.

General and Administrative. General and administrative expenses were flat at 6% of revenue for the three and nine months ended April 30, 1999 and 1998. For fiscal 1999, we expect general and administrative expenses to remain roughly flat as a percentage of revenue for fiscal year 1999 compared to fiscal 1998.

Other Acquisition Costs. Other acquisition costs include the amortization of

goodwill and purchased intangibles that are recorded as part of an acquisition. These costs increased to $22.8 and $68.4 million for the three and nine months ended April 30, 1999, respectively, compared to $4.0 and $14.2 million for the same periods of the prior year. This increase was primarily attributable to the amortization of intangibles associated with our acquisition of Lacerte in June 1998.

In connection with our acquisition of Lacerte, we used a third party appraiser's estimate to determine the value of two in-process projects under development for which technological feasibility had not been established. These projects were identified for products being developed under separate operating systems (DOS and Windows). The value of the projects was determined by estimating the costs to develop the in-process technology into commercially feasible products, estimating the net cash flows we believed would result from the products and discounting these net cash flows back to their present value. As of April 30, 1999, actual results to date have been consistent with assumptions made when we initially appraised the value of these in-process projects. Specifically, revenues, development costs and completion dates as they relate to the two projects are consistent with our expectations. Both projects were released on schedule in January 1999.

The high levels of non-cash amortization expense related to completed acquisitions will continue to have a negative impact on operating results in future periods. Excluding the impact of our acquisition of CRI which closed after our quarter end (see Note 11) and assuming no additional acquisitions and no impairment of value resulting in an acceleration of amortization, future amortization will reduce net income by approximately $56.3 million, $51.4 million, $44.6 million and $41.5 million for the years ending July 31, 1999 through 2002, respectively. If we complete additional acquisitions or accelerate amortization in the future, there would be an incremental negative impact on operating results.

OTHER INCOME

For the three and nine months ended April 30, 1999, interest and other income and expense, net, increased to $5.3 and $12.6 million respectively compared to $3.1 and $7.4 million for the same year ago periods reflecting increased cash and short-term investment balances. The $4.3 million gain on disposal of business in the nine-month period ended April 30, 1998 resulted from the sale of Parsons, our direct marketing subsidiary, in August 1997. Our $58.6 and $68.7 million gains on the sale of marketable securities for the three and nine months ended April 30, 1999 were the result of our sale of Excite, Verisign and Concentric common stock (see Note 1).

INCOME TAXES

For the three and nine months ended April 30, 1999, we recorded income tax provisions of $37.1 and $51.3 million on pretax income of $109.6 and $164.6 million, respectively. This compares to income tax provisions (benefit) of ($2.0) and $17.5 million on pretax income (loss) of ($4.2) and $44.4 million for the same periods of the prior year. At April 30, 1999, there was a valuation allowance of $9.6 million for tax assets of our international subsidiaries based on management's assessment that we may not receive the benefit of certain loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 1999, our unrestricted cash and cash equivalents totaled $330.2 million, a $192.1 million increase from July 31, 1998. The increase was the result of net cash generated by operations and financing activities, partially offset by cash used for investing activities. Increase in cash reflects the seasonality of our business which typically results in the majority of net revenues and cash receipts occurring in the January and April quarters, though operating expenses are incurred more consistently throughout the year.

Our operating activities generated $237.1 million in cash for the nine months ended April 30, 1999, driven by net income of $113.2 million. Additional sources of cash were net income adjustments made for non-cash expenses such as acquisition charges and depreciation and significant increases in accounts payable and other accrued liabilities. These increases in accounts payable and other accrued liabilities are the result of the seasonality of our business and the resulting increase in accruals for product returns, customer rebates and accrued technical support expenses. These increases were partially offset by higher accounts receivable balances due from retailers and distributors for large volumes of seasonal product shipments that occur in our second and third fiscal quarters. We also used cash to increase our prepaid assets, due in part to a large federal quarterly tax prepayment.

Investing activities resulted in the use of $105.4 million in cash for the nine months ended April 30, 1999. This was driven by net purchases of short-term investments and property and equipment. Property and equipment purchases were

made to support our ongoing operations, information system upgrades and our growing Internet-based businesses. We also used cash to make significant strategic investments, primarily in private companies. Due to our substantial investments in marketable securities, such as Checkfree, At Home and Security First, there is a risk that market value declines may have a significant negative impact on our liquidity. If such declines were deemed to be permanent, they would result in a charge to our statements of operations.

Financing activities provided $60.4 million for the nine months ended April 30, 1999 primarily attributable to proceeds from the exercise of employee stock options.

In connection with our May 3, 1999 acquisition of CRI, we are making significant cash payments (see Note 11) in our fiscal fourth quarter and beyond. In addition, in May 1999 we made a $50 million cash investment in Security First Technologies (see Note 11), which also negatively impacted our liquidity. In the normal course of business, we enter into leases for new or expanded facilities in both domestic and international locations. We also evaluate the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. Accordingly, it is possible that we may decide to use cash and cash equivalents to fund such activities in the future. For example, if we exercise our option to purchase VFSC (see Note 10) and elect to pay all or a significant portion of the exercise price in cash, this would have a negative impact on our liquidity.

Though we are likely to require cash for future strategic initiatives, our short-term liquidity will improve during the fourth quarter when we receive the proceeds from the forward sale of a significant portion of our Excite common stock (see Note 11). We believe that our unrestricted cash, cash equivalents and short-term investments will be sufficient to meet anticipated seasonal working capital and capital expenditure requirements for at least the next twelve months.

YEAR 2000

The Company has established a Year 2000 Project Office to address the impact of the year 2000 date transition on its operations, products and services globally. In 1998, the Company established this office to coordinate a number of existing projects and put in place a formal, structured year 2000 process moving forward. The Project Office has a dedicated Program Manager and team who report directly to Intuit's senior management, and status is reported regularly to the Audit Committee of the Company's Board of Directors.

The Company has adopted a five-phase approach that it believes follows standard industry practices for reviewing and preparing the significant elements of operations, products and services for the Year 2000 date transition. Phase One (initiation) involves increasing company awareness by educating and involving all appropriate levels of management regarding the need to address Year 2000 issues. Phase Two (inventory) consists of identifying all of our systems, products and relationships that may be impacted by Year 2000. Phase Three (assessment) involves determining our current state of Year 2000 readiness for those areas identified in the inventory phase and prioritizing areas that need to be fixed. Phase Four (action) consists of developing Year 2000 solutions where required, and completing a comprehensive test cycle for all appropriate inventoried items. Phase Five (implementation) consists of rolling out Year 2000 solutions for affected products, services and technologies and implementing maintenance and support processes to maintain ongoing compliance.

As a software developer, we have three key areas of focus: (1) our products and services; (2) our internal systems (including information technology systems such as financial and order entry systems and non-information technology systems such as phones and facilities); and (3) the readiness of third parties with whom we have significant business relationships. The majority of our efforts in the product area have now completed the action phase and our efforts are primarily focused on providing our customer base with confirmation of product compliance or remediation options. We are currently in the action phase for our internal systems, and in either the assessment phase or the action phase with respect to third party relationships. We continue to expect that our remediation and implementation efforts will be substantially complete by the end of the fiscal year (July 1999), with ongoing maintenance and support activity continuing throughout calendar year 1999 and into early calendar year 2000.

Costs directly attributed to our Year 2000 project are currently estimated at approximately $6.5 million for fiscal 1999. This estimate is comprised primarily of hardware, software, internal resources and consulting fees necessary to undertake our Year 2000 testing activities during this fiscal year. We currently anticipate direct costs in the range of $10 to $16 million for fiscal year 2000, resulting from the completion of the project phases and the transition into an ongoing maintenance and support activity in fiscal year 2000. We believe that the nature of our products and the size and profile of our customer base is likely to lead to a significant increase in the calls to our customer support

centers throughout the remainder of calendar 1999 and early 2000. These support operations may experience call volumes not experienced to date and we are developing plans that will allow us to handle the anticipated increase in calls in a manner that will not lead to material incremental costs. Additionally, there will be costs associated with the manufacture and distribution of free solutions for products that are not Year 2000 ready or that will not be tested for Year 2000 readiness. We believe the provision of free solutions may result in lost revenue for new product upgrades to within a range of $10 to $17 million, although the exact amount will depend on customer response to the Year 2000 issue.

In an effort to reduce the risks associated with the Year 2000, we have incorporated contingency planning as part of our five-phase plan, building upon disaster recovery and contingency planning that we already have in place. This includes identifying areas where we are most vulnerable to Year 2000 risk and putting contingency plans in place before we experience potential failures. Despite our efforts, there can be no assurance that all contingencies can be anticipated or adequately provided for.

While we are dedicating substantial resources toward attaining Year 2000 readiness, there is no assurance that we will be successful in our efforts to address Year 2000 issues. If we are not successful, there could be significant

adverse effects on our operations. For example, failure to achieve Year 2000 readiness for our internal systems could delay our ability to manufacture and ship products, disrupt our customer service and technical support facilities, or interrupt customer access to our online products and services. If our products are not Year 2000 ready, we could suffer lost sales or other negative consequences resulting from customer dissatisfaction, including additional litigation (see discussion below). We also rely heavily on third parties such as manufacturing suppliers, service providers, financial institutions and a large retail distribution channel. If these or other third parties experience Year 2000 failures or malfunctions, there could be a material negative impact on our ability to conduct ongoing operations. Many of our products are significantly interconnected with heavily regulated financial institutions. Our relationships with financial institutions could be adversely impacted if we do not achieve Year 2000 readiness in a manner and on a time schedule that permits them to comply with regulatory requirements. We may also incur additional costs if we are required to accelerate our Year 2000 readiness to meet financial institution requirements. As with all companies, we also rely on other more widely used entities such as government agencies, public utilities and other external forces common to business and industry. Consequently, if such entities were to experience Year 2000 failures, this could disrupt our ability to conduct ongoing operations.

Several class action lawsuits have been filed against Intuit in California and New York, alleging Year 2000 issues with the online banking functionality in certain versions of our Quicken products, and it is possible that we will face additional lawsuits. We do not believe the pending lawsuits have merit and intend to defend them vigorously. We have been working with financial institutions to provide solutions to their current online banking customers and are planning to make such solutions available before customers experience any Year 2000 problems. See "Legal Proceedings" for more information about this litigation.

The above discussion regarding costs, risks and estimated completion dates for the Year 2000 is based on our best estimates given information that is currently available, and is subject to change. As we continue to progress with this initiative, we may discover that actual results will differ materially from these estimates.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

SHORT-TERM INVESTMENT PORTFOLIO

We do not hold derivative financial instruments in our short-term investment portfolio. Our short-term investments consist of instruments that meet high quality standards consistent with our investment policy. This policy dictates that we diversify our holdings and limit our short-term investments to a maximum of $5 million to any one issuer. Our policy also dictates that all short-term investments mature in 30 months or less.

MARKETABLE SECURITIES

We also carry significant balances in marketable equity securities as of April

30, 1999. These securities are subject to considerable market risk due to their volatility. See Note 1 of the financial statement notes for more information regarding risks related to our investments in marketable securities and Note 11 for information regarding the forward sale of Excite common stock.

IMPACT OF FOREIGN CURRENCY RATE CHANGES

During fiscal year 1998, most local currencies of our international subsidiaries weakened against the U.S. dollar. As of April 30, 1999, the currency of our Japanese subsidiary has strengthened and the currency of our other subsidiaries have remained essentially stable since the end of our 1998 fiscal year. Because we translate foreign currencies into U.S dollars for reporting purposes, currency fluctuations can have an impact, though generally immaterial, on our results. We believe that our exposure to currency exchange fluctuation risk is insignificant primarily because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. For the quarter ended April 30, 1999, there was an immaterial currency exchange impact from our intercompany transactions. Currency exchange risk is also minimized since foreign debt is due almost exclusively in local foreign currencies. As of April 30, 1999, we did not engage in foreign currency hedging activities.

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PART II
ITEM 1
LEGAL PROCEEDINGS

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Intuit is currently a defendant in the following two consolidated class action lawsuits alleging that certain of its Quicken products have on-line banking functions that are not Year 2000 compliant: (1) In re Intuit Inc. Year 2000 California Litigation (consolidated in Santa Clara County, California Superior Court from Alan Issokson v. Intuit Inc. (filed April 29, 1998 in the Santa Clara County, California Superior Court); Joseph Rubin v. Intuit Inc. (filed May 27, 1998 in the Santa Clara County, California Superior Court); Donald Colbourn v. Intuit Inc. (filed June 4, 1998 in the San Mateo County, California Superior Court)); and (2) In re Intuit Inc. Year 2000 Litigation (consolidated in the New York Supreme Court, New York County from Rocco Chilelli v. Intuit Inc. (filed May 13, 1998 in the New York Supreme Court, Nassau County); Glenn Faegenburg v. Intuit Inc. (filed May 27, 1998 in the New York Supreme Court, New York County); and Jerald M. Stein v. Intuit Inc. (filed June 23, 1998 in the New York Supreme Court, New York County)). The lawsuits are substantively very similar. The lawsuits assert breach of implied warranty claims, violations of federal and/or state consumer protection laws, and violations of various state business practices laws, and the plaintiffs seek compensatory damages, disgorgement of profits, and (in certain cases) attorneys' fees. See MD&A, page 24, for a discussion of Intuit's status and plans with respect to Year 2000 compliance.

On June 23, 1998, Intuit filed a demurrer in the Issokson complaint. In August 1998, our motion was granted but the plaintiff was provided an opportunity to amend the complaint to allege injury. Issokson, Rubin and Colbourn filed a consolidated amended complaint on October 9, 1998. Intuit filed a demurrer to the amended complaint on November 9, 1998. The court sustained Intuit's demurrer on January 27, 1999, dismissing the contract and fraud claims with prejudice and granting a leave to amend on plaintiffs' injunction and unfair business practices claim. On February 26, 1999, Issokson, Rubin and Colbourn filed a Second Amended Complaint alleging that Intuit has engaged in unfair business practices and seeking injunctive and equitable relief. Intuit filed demurrers to the Second Amended Complaint's only remaining claims and class allegations, which were sustained with leave to amend by the court on May 7, 1999. The plaintiffs have indicated that they intend to file a Third Amended Complaint. We believe we have good and valid defenses to the claims asserted, and we intend to vigorously defend against the lawsuit.

We have also filed motions to dismiss in the New York actions and on December 1, 1998, the court granted our motion to dismiss all the New York actions with prejudice. Plaintiffs have filed a Notice of Appeal.

Intuit also understands that, sometime in the last 9 months, a suit was filed in the Contra Costa County, California Superior Court by an individual consumer against various retailers, including Circuit City Stores, CompUSA, Fry's Electronics, Office Depot, The Good Guys and others, alleging that these retailers have sold software and hardware products which are not Year 2000 compliant, including at least one product published by Intuit. Intuit has received information indicating that one of the defendants in this action, Fry's Electronics, may have filed a cross-complaint against various software publishers and hardware manufacturers, including Intuit, asserting a claim for indemnity in the main action. Intuit has not been served with or received a copy of any such cross-complaint.

On March 3, 1999, Intuit filed a complaint against Checkfree Corporation in the

Santa Clara County, California Superior Court, seeking damages and injunctive relief. The complaint alleged that Checkfree was not complying with the terms of its April 1998 bill presentment agreement with Intuit, in which Checkfree agreed to support web-based bill presentment products offered through Intuit with its processing services, and not to offer web-based bill presentment products of its own except through Intuit in certain distribution channels. At approximately the same time, Checkfree filed an arbitration proceeding against Intuit arising out of the same 1998 agreement. Intuit owns 19.7% of Checkfree's outstanding Common Stock (see Note 1). On May 21, 1999, the parties executed a settlement

agreement by which all claims asserted by each party were dismissed with prejudice. The arbitration was dismissed with prejudice on May 24, 1999, and Intuit's suit against Checkfree was dismissed with prejudice on May 25, 1999.

We are subject to other legal proceedings and claims that arise in the normal course of our business. We currently believe that the ultimate amount of liability, if any, for any pending actions (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

ITEM 6
EXHIBITS AND REPORTS ON FORM 8-K

(a) THE FOLLOWING EXHIBITS ARE FILED AS PART OF THIS REPORT:

2.01	Exchange Agreement dated as of March 2, 1999 by and among Intuit Inc., Computing Resources, Inc., Ranson W. Webster and Harry D. Hart and Amendment No. 1 thereto dated April 30, 1999. Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules have been omitted but will be furnished supplementally to the Commission upon request (1)
4.01	Registration Rights Agreement dated as of May 3, 1999 by and among Intuit Inc., Ranson W. Webster and Norma J. Webster and Harry D. and Carla J. Hart (2)
10.01	Intuit Inc. 1998 Option Plan for Mergers and Acquisitions, as amended through April 28, 1999, and form of Stock Option Grant Agreement for use thereunder (3)
10.02	Securities Contract, dated as of May 5, 1999 between Lacerte Software Corporation, a wholly-owned subsidiary ("Lacerte") of the Company and Credit Suisse Financial Products ("CSFP") (4)
10.03	Pledge Agreement, dated as of May 5, 1999, among Lacerte, CSFP and Credit Suisse First Boston (5)
10.04*	Stock Purchase and Option Agreement by and between Security First Technologies Corporation and Intuit Inc., dated as of May 16, 1999
27*	Financial Data Schedule

(b) Reports on Form 8-K:

The Company filed the following report on Form 8-K:

1. A Report under items 2 and 7 was filed on May 7, 1999 to report the Company's acquisition of Computing Resources, Inc. ("CRI") on May 3, 1999. An amendment to Form 8-K was filed on June 14, 1999 to include CRI's audited financial statements for its fiscal year ended December 31, 1998 and required pro-forma financial information with respect to the acquisition.

---

(1) Incorporated by reference to Exhibit 2.01 in Intuit's Form 8-K filed with the Commission on May 7, 1999.

(2) Incorporated by reference to Exhibit 4.01 in Intuit's Form 8-K filed with the Commission on May 7, 1999.

(3) Incorporated by reference to Exhibit 4.01 in Intuit's Form S-8 registration statement (file no. 333-78041) filed with the Commission on May 7, 1999.

(4) Incorporated by reference to Exhibit K in Intuit's Schedule 13D/Amendment No. 3 filed with the Commission on May 6, 1999.

(5) Incorporated by reference to Exhibit L in Intuit's Schedule 13D/Amendment No. 3 filed with the Commission on May 6, 1999.

* Filed as an exhibit to this Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTUIT INC.
(REGISTRANT)

Date: June 14, 1999

By: /s/ Greg J. Santora
Greg J. Santora
Senior Vice President
and Chief Financial Officer
(Principal Financial
and Accounting Officer)

EXHIBIT INDEX

<TABLE>

<S>	<C>
2.01	Exchange Agreement dated as of March 2, 1999 by and among Intuit Inc., Computing Resources, Inc., Ranson W. Webster and Harry D. Hart and Amendment No. 1 thereto dated April 30, 1999. Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules have been omitted but will be furnished supplementally to the Commission upon request (1)
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* Filed as an exhibit to this Report on Form 10-Q.

EXHIBIT 10.04

STOCK PURCHASE AND OPTION AGREEMENT

BY AND BETWEEN

SECURITY FIRST TECHNOLOGIES CORPORATION

AND

INTUIT INC.

DATED AS OF MAY 16, 1999

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>		Page <C>
SECTION 1.	PURCHASE AND SALE OF THE SHARES	1
1.1	Sale and Issuance of the Shares	1
1.2	Closing	1
SECTION 2.	STOCK OPTION	2
2.1	Grant of Option	2
2.2	The Per Share Option Exercise Price	2
2.3	Exercise of the Option	3
2.4	Transferability	4
2.5	Requirements of Law	4
2.6	Changes in Capitalization	4
2.7	Mergers, Consolidations and Asset Sales	4
2.8	Certificate as to Adjustments	5
2.9	Reservation of Common Stock	5
2.10	Notices of Record Date	5
SECTION 3.	REPRESENTATIONS AND WARRANTIES OF THE CORPORATION	5
3.1	Organization and Standing	6
3.2	Authorization; Binding Obligation	6
3.3	Capitalization	6
3.4	Validity of Shares; Issuance	7
3.5	No Consents	7
3.6	Non-Contravention	7
3.7	Additional Information	7
3.8	Financial Statements	8
3.9	Absence of Change of Events	8
3.10	Bank Regulation	8
SECTION 4.	REPRESENTATIONS AND WARRANTIES OF PURCHASER	8
4.1	Organization and Standing	8
4.2	Authorization	9
4.3	Non-Contravention	9
4.4	No Consents	9
4.5	Adequate Resources	9
4.6	Investment Experience	10
4.7	Investment Intent	10
4.8	Registration or Exemption Requirements	10
4.9	No Legal, Tax or Investment Advice	10
4.10	Passive Investor	11
SECTION 5.	ADDITIONAL AGREEMENTS	11
5.1	Nonsolicitation	11

</TABLE>

<TABLE>

<S>		<C>
5.2	Lock-up Covenant	11
5.3	Commercially Reasonable Efforts	11
5.4	SEC Filings	12

SECTION 6. CONDITIONS TO CLOSING....................12
6.1 Conditions to Obligations of All Parties....................12
6.2 Conditions to the Obligations of Purchaser....................13
6.3 Conditions to Obligations of the Corporation....................13
SECTION 7. CLOSING....................14
7.1 Deliveries by the Corporation....................14
7.2 Deliveries by Purchaser....................14
SECTION 8. LEGEND....................15
8.1 Endorsement....................15
8.2 Removal of Legend....................15
SECTION 9. REGISTRATION RIGHTS....................16
9.1 Demand Registration Rights....................16
9.2 Registration Procedures....................16
9.3 Registration Expenses....................18
9.4 Indemnity and Contribution....................18
SECTION 10. TERMINATION....................20
10.1 Mutual Consent....................20
10.2 Other Termination....................20
10.3 Effect of Termination....................20
SECTION 11. MISCELLANEOUS....................21
11.1 Additional Actions and Documents....................21
11.2 Expenses....................21
11.3 Notices....................21
11.4 Waiver....................22
11.5 Binding Effect....................22
11.6 Entire Agreement; Amendment....................22
11.7 Severability....................22
11.8 Headings....................23
11.9 Governing Law....................23
11.10 Signature in Counterparts....................23
11.11 No Third Party Beneficiaries....................23
11.12 Assignability....................23
11.13 Parties Not Partners....................24
11.14 Non-Survival of Representations and Warranties....................24
SCHEDULE 3.3....................1
</TABLE>

STOCK PURCHASE AND OPTION AGREEMENT

This Stock Purchase and Option Agreement (this "Agreement"), dated as of the 16th day of May, 1999, is entered into by and between Security First Technologies Corporation, a Delaware corporation (the "Corporation") and Intuit Inc., a Delaware corporation ("Purchaser").

WHEREAS, Purchaser desires to subscribe for, and acquire from the Corporation, such number of shares (the "Shares") of the Corporation's common stock, par value $.01 per share ("Common Stock"), as determined by dividing $50,000,000 by the applicable per share price of the Shares (as described below in Section 1.1), on the terms and under the conditions specified herein, and to acquire the Option (as defined below in Section 2.1); and

WHEREAS, the Corporation desires to sell and issue to Purchaser the Shares and issue to Purchaser the Option on the terms and under the conditions specified herein.

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement, the sufficiency of which is hereby acknowledged, the parties mutually agree as follows:

SECTION 1. PURCHASE AND SALE OF THE SHARES.

1.1 SALE AND ISSUANCE OF THE SHARES.

At the Closing (as defined below in Section 1.2) and subject to the terms and conditions of this Agreement, Purchaser hereby subscribes for, and agrees to purchase, the Shares at a price per share equal to $51.5032, which equals the average closing asking price per share of the Common Stock, as quoted on the Nasdaq Stock Market National Market System, for each of the 10 trading days preceding the date hereof (the "Per Share Purchase Price"). The number of Shares shall be 970,813, as determined by dividing $50,000,000 by the Per Share Purchase Price and rounding down to the nearest whole share. The Corporation agrees to sell and issue to Purchaser at the Closing for $50,000,000, the Shares.

1.2 CLOSING.

The closing (the "Closing") of the transaction shall take place within ten calendar days after the satisfaction or waiver of the conditions set forth in Section 6, or on such other date as the parties shall mutually agree. The Closing shall take place at the offices of Hogan & Hartson L.L.P., 555 13th Street, N.W., Washington, D.C. 20004, or at such other time and place as the parties shall mutually agree.

SECTION 2. STOCK OPTION

2.1 GRANT OF OPTION.

The Corporation does hereby grant to Purchaser an option (the "Option") to subscribe for and purchase 4,000,000 shares of Common Stock, less the number of Shares purchased hereby; provided, however, that (1) if the Corporation closes on the "Merger," as contemplated by and defined in that certain Agreement and Plan of Merger dated as of May 16, 1999 by and among the Corporation, Sahara Strategy Corporation and Edify Corporation (the "Edify Business Combination Transaction") on or before March 31, 2000, the number of shares constituting the Option Shares shall be increased by 600,000; and (2) if the Corporation closes on the "Transaction," as contemplated by and defined in that certain Share Purchase Agreement dated as of May 16, 1999, by and among S1 Europe Holdings N.V. (a Belgian corporation in the process of incorporation, represented by Security First Technologies Corporation), the Stockholders of FICS Group N.V. and, for the limited purposes stated herein, the Corporation and FICS Group N.V. ("FICS"), and the "S1 Issuance" as contemplated by and defined in that certain Stock Purchase Agreement dated as of May 16, 1999 by and among the Corporation, the individuals identified therein and, for the limited purposes set forth therein, FICS, on or before March 31, 2000, the number of shares constituting the Option Shares shall be increased by 1,800,000; and (3) the maximum number of shares constituting the Option Shares shall never exceed the difference between (A) 6,400,000 and (B) the total number of shares of Common Stock "beneficially owned" as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by Purchaser or any "affiliate" as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of Purchaser, excluding the Option Shares. The Option shall vest and therefore become exercisable, if at all, only upon the closing of the Edify Business Combination Transaction (the "Edify Closing"). If the Edify Closing does not occur on or before March 31, 2000, the Option will be void in all respects. If vested, the Option shall be exercisable, in whole or in part, at any time from the date of the Edify Closing until 5:00 p.m. Eastern time on the fifth anniversary of the Closing hereunder.

2.2 THE PER SHARE OPTION EXERCISE PRICE.

The maximum number of Option Shares issuable without stockholder approval pursuant to Rule 4310 of the Rules of the Nasdaq Stock Market shall be called the "4310 Limit." Under the Option, the exercise price per share of Common Stock for which the Option may be exercised (the "Per Share Option Exercise Price") shall equal the Per Share Purchase Price specified in Section 1.1 above; provided, however, that if the grant and exercise of the Option, in light of the vesting and anti-dilution provisions set forth in Section 2.1 above, exceeds the 4310 Limit, then (a) for that number of Option Shares in excess of the 4310 Limit, but only for such number of Option Shares, the Per Share Option Exercise Price shall equal $53.625 and (b) the Purchaser may elect to exercise any Option Shares for which the Per Share Option Exercise Price is $53.625 after all other Option Shares have been exercised. The determination of whether the grant and exercise of the Option exceeds the 4310 Limit shall be made after consultation by both

parties with the Nasdaq Stock Market prior to the Closing and shall be set forth in a written instrument signed by both parties.

2.3 EXERCISE OF THE OPTION.

2.3(a). General. The Option may be exercised in whole or in part by delivery to the Corporation on any business day, at its principal office, addressed to the attention of the Corporate Secretary of the Corporation, of a written notice of exercise, which notice shall specify the number of shares with respect to which the Option is being exercised. The minimum number of shares of Common Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of 100 shares or the maximum number of shares available for purchase under the Option at the time of exercise.

2.3(b). Cash Payment. Unless the Corporation elects to require Purchaser to effect a net exercise in accordance with Section 2.3(c), payment of the aggregate Per Share Option Exercise Price for the shares of Common Stock purchased pursuant to the exercise of an Option shall be made in cash (whether by check, wire transfer or other reasonably acceptable means).

2.3(c). Net Exercise. At the Corporation's election, in lieu of paying cash upon the exercise of the Option, Purchaser shall receive a number of shares of Common Stock calculated according to the following formula without the payment of any cash in consideration for the cancellation of the Option:

X = [(V - E) x N] divided by V

where "X" equals the number of shares of Common Stock to be received upon cancellation of the Option pursuant to this Section 2.3(c); "N" equals the number of shares of Common Stock issuable upon Option exercise if exercised for cash; "E" equals the Per Share Option Exercise Price; and "V" equals the closing sales price for such stock or the closing bid if no sales were reported, as quoted on the Nasdaq National Market System or any other established stock exchange or national market system (or the largest such exchange or system) for the trading day immediately preceding the exercise date (or if there are no sales for such date, then for the last preceding trading day on which there were sales), as reported in the Wall Street Journal or similar publication. Within one business day of receiving a notice of exercise described in Section 2.3(a), the Corporation shall inform Purchaser in writing of its intention to require Purchaser to effect a net exercise under this Section 2.3(c).

2.3(d). Issuance of Shares. Promptly after the exercise of the Option (or any portion thereof) and, if Purchaser is not effecting a net exercise under Section 2.3(c), the payment in full of the aggregate Per Share Option Exercise Price of the shares of Common Stock covered thereby, Purchaser shall be entitled to the issuance of a stock certificate or certificates evidencing ownership of the Option Shares so acquired.

2.4 TRANSFERABILITY.

Except to the extent provided in Section 11.12, the Option shall not be assignable or transferable.

2.5 REQUIREMENTS OF LAW.

The Corporation shall not be required to sell or issue any shares of Common Stock under the Option if the sale or issuance of such shares would constitute a violation by the Purchaser or the Corporation of any provisions of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations.

2.6 CHANGES IN CAPITALIZATION.

If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Corporation by reason of any recapitalization, reclassification, stock split, reverse split, or stock dividend, or other increase or decrease in such shares effected without receipt of consideration by the Corporation, occurring after the date hereof, the number and kind of shares for which Options are outstanding (including all share numbers in Section 2.1) shall be adjusted proportionately and accordingly so that the proportionate interest of the holder of the Option immediately following such event shall, to the extent practicable, be the same as immediately prior to such event. Any such adjustment in outstanding Option shall not change the aggregate Per Share Option Price payable with respect to shares subject to the unexercised portion of the Option outstanding but shall include a corresponding proportionate adjustment in the Per Share Option Price.

2.7 MERGERS, CONSOLIDATIONS AND ASSET SALES.

If at any time there shall be a merger or consolidation of the Corporation with or into another corporation, or the sale of the Corporation's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such merger, consolidation or sale, lawful provision shall be made so that Purchaser shall thereafter be entitled to receive upon exercise of the Option, during the period specified in the Option and upon payment of the purchase price or by effecting a net exercise, the number of shares of stock or other securities or property of the Corporation or the successor corporation resulting from such merger, consolidation or sale, to which a holder of the Common Stock deliverable upon exercise of the Option would have been entitled under the provisions of the agreement in such merger, consolidation or sale if the Option had been exercised immediately before that merger, consolidation or sale. In any such case, appropriate adjustment (as determined in good faith by the Corporation's Board of Directors) shall be made in the application of the provisions of the Option with respect to the rights and interests of Purchaser after the merger, consolidation or sale to the end that the provisions of the Option (including adjustment of the Per Share Option Exercise Price then in effect and the

number of Option Shares) shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of the Option.

2.8 CERTIFICATE AS TO ADJUSTMENTS.

In the case of each adjustment or readjustment of the number of Option Shares subject to this Agreement and the Per Share Option Exercise Price pursuant to this Section 2, the Corporation will promptly compute such adjustment or readjustment in accordance with the terms hereof and cause a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based to be delivered to the Purchaser. The Corporation will, upon the written request at any time of Purchaser, furnish or cause to be furnished to Purchaser a certificate setting forth: (a) such adjustments and readjustments; (b) the Per Share Option Exercise Price at the time in effect; and (c) the number of Option Shares and the amount, if any, of other property at the time receivable upon the exercise of the Option.

2.9 RESERVATION OF COMMON STOCK.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the exercise of the Option, such number of shares of Common Stock as shall from time to time be sufficient to effect the exercise of the Option in full.

2.10 NOTICES OF RECORD DATE.

In the event of any taking by the Corporation of a record of the holders of any class of securities of the Corporation for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation will mail to Purchaser at least five business days prior to the record date, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right; provided, however, that the Corporation shall have no obligation under this Section 2.10 with respect to the taking of any such record which is publicly disclosed by the Corporation at least five business days prior to the record date.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION.

The Corporation represents, warrants and covenants to Purchaser as follows:

3.1 ORGANIZATION AND STANDING.

The Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has the full corporate power and authority to own and operate its properties and assets and to carry on its business as currently conducted. The Corporation holds all licenses and permits required for the conduct of its business as now conducted which, if not in the Corporation's possession, could have a material adverse effect on the Corporation's financial condition or results of operations, taken as a whole. The Corporation is duly qualified as a foreign corporation and is in good standing in all jurisdictions where the conduct of its business or its ownership or leasing of property requires such qualification, except where the failure to so qualify would not have a material adverse effect on the Corporation's financial condition or results of operations, taken as a whole.

3.2 AUTHORIZATION; BINDING OBLIGATION.

The Corporation has all requisite corporate power and authority to enter into and to deliver this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement by the Corporation and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Corporation. This Agreement, when executed and delivered by the Corporation, shall constitute a valid and binding obligation of the Corporation enforceable in accordance with its terms, except as may be limited by applicable bankruptcy,

insolvency, reorganization, moratorium or other similar laws effecting the enforcement of creditor's rights.

3.3 CAPITALIZATION.

The authorized capital stock of the Corporation consists of 60,000,000 shares of Common Stock, of which 25,428,778 were issued and outstanding as of May 10, 1999, and 5,000,000 shares of preferred stock, of which 466,450 of the 1,637,832 shares designated Series A Convertible Preferred Stock were issued and outstanding as of May 10, 1999, of which 749,064 of the 749,064 shares designated Series B Redeemable Convertible Preferred Stock were issued and outstanding as of May 10, 1999, and of which 215,000 of the 215,000 shares designated at Series C Redeemable Convertible Preferred Stock were issued and outstanding as of May 10, 1999. At such date, there were 12,353,798 shares of Common Stock reserved for issuance pursuant to employee stock options, of which options for 9,607,750 shares are currently outstanding. All of the Corporation's outstanding shares of capital stock were validly issued and are fully paid and nonassessable. Except as described on Schedule 3.3, there are no shares of the Corporation's capital stock reserved for issuance or any options, warrants, rights (including conversion or preemptive rights) or agreements for the purchase from the Corporation of any shares of its capital stock or securities exercisable for or convertible into its capital stock.

3.4 VALIDITY OF SHARES; ISSUANCE.

The Shares and the Option Shares, when issued upon payment of the consideration therefor in compliance with the provisions of this Agreement will be validly issued, fully paid and nonassessable, and free of any liens or encumbrances, and will be issued in compliance with all applicable laws.

3.5 NO CONSENTS.

No governmental orders, permissions, consents, approvals or authorizations are required to be obtained by the Corporation and no filings are required to be made by the Corporation in connection with the execution and delivery of this Agreement and the issuance of the Shares and the Option Shares hereunder, except as have been so obtained or made prior to the Closing or, with respect to any that need to be obtained or made subsequent to the Closing, as will be obtained or made in a timely manner after the Closing, except where the failure to obtain such orders, permissions, consents, approvals or authorizations or to make such filings would not affect the Corporation's ability to issue the Shares or the Option Shares or have a material adverse effect on the Corporation's financial condition or results of operations or business prospects, taken as a whole.

3.6 NON-CONTRAVENTION.

The execution, delivery and performance of, and compliance with, this Agreement will not (a) violate any provision of the certificate of incorporation or bylaws of the Corporation; (b) conflict with or result in a breach of, or default under, or result in the creation of any lien, claim, charge or other encumbrance upon any of the assets or properties of the Corporation pursuant to the provisions of any material agreement, mortgage, indenture or other document or instrument to which the Corporation is a party or by which the Corporation or any of its properties or assets is bound, or (c) violate any existing statutes, laws, ordinances, regulations, orders and other rules of law applicable to the Corporation or any of its properties or assets, or applicable to the Corporation's power or authority to perform its obligations under this Agreement.

3.7 ADDITIONAL INFORMATION.

The information contained in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998, and all other reports filed subsequent thereto through the date of the Closing (collectively, the "SEC Reports") pursuant to Section 13(a) or 15(d) of the Exchange Act, did not and will not, as the case may be, at the respective dates of filing with the Securities and Exchange Commission (the "SEC"), contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.8 FINANCIAL STATEMENTS.

Each of the consolidated financial statements (including, in each

case any related notes thereto) contained in the SEC Reports (the "Financial Statements"), (x) was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by the SEC on Form 10-Q under the Exchange Act) and (y) fairly presented the consolidated financial position of the Corporation and its subsidiaries as at the respective dates thereof and the consolidated results of its operations and cash flows for the periods indicated consistent with the books and records of the Corporation, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not, or are not expected to be, material in amount. The balance sheet of the Corporation contained in the Corporation's Form 10-K for the year ended December 31, 1998 is referred to in this Agreement as the "Balance Sheet."

3.9 ABSENCE OF CHANGE OF EVENTS.

Except as described in the SEC Reports, between December 31, 1998 and the date of this Agreement no change or event has occurred which would be reasonably likely to have a material adverse effect on the Corporation's financial condition or results of operations, taken as a whole.

3.10 BANK REGULATION

The Corporation is not a "bank holding company" as defined under the Bank Holding Company Act of 1956 or a "savings and loan holding company" as defined under the Home Owners' Loan Act.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, warrants and covenants to the Corporation as follows:

4.1 ORGANIZATION AND STANDING.

Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has the full corporate power and authority to own and operate its properties and assets and to carry on its business as currently conducted. Purchaser holds all licenses and permits required for the conduct of its business as now conducted which, if not in Purchaser's possession, could have a material adverse effect on Purchaser's financial condition or results of operations, taken as a whole. Purchaser is duly qualified as a foreign corporation and is in good standing in all jurisdictions where the conduct of

its business or its ownership or leasing of property requires such qualification, except where the failure to so qualify would not have a material adverse effect on Purchaser's financial condition or results of operations, taken as a whole.

4.2 AUTHORIZATION.

Purchaser has all requisite corporate power and authority to enter into and to deliver this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement, when executed and delivered by Purchaser, shall constitute a valid and binding obligation of Purchaser enforceable in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws effecting the enforcement of creditor's rights.

4.3 NON-CONTRAVENTION.

The execution, delivery and performance of, and compliance with, this Agreement will not (a) violate any provision of the certificate of incorporation or bylaws of Purchaser; (b) conflict with or result in a breach of, or default under, or result in the creation of any lien, claim, charge or other encumbrance upon any of the assets or properties of Purchaser pursuant to the provisions of any material agreement, mortgage, indenture or other document or instrument to which Purchaser is a party or by which Purchaser or any of its properties or assets is bound, or (c) violate any existing statutes, laws, ordinances, regulations, orders and other rules of law applicable to Purchaser or any of its properties or assets, or applicable to Purchaser's power or authority to perform its obligations under this Agreement.

4.4 NO CONSENTS.

No governmental orders, permissions, consents, approvals or authorizations are required to be obtained by Purchaser and no filings are required to be made by Purchaser in connection with the execution and delivery of this Agreement and the purchase of the Shares and the Option Shares, if any, hereunder, except as have been so obtained or made prior to the Closing or, with respect to any that need to be obtained or made subsequent to the Closing, as will be obtained or made in a timely manner after the Closing, except where the failure to obtain such orders, permissions, consents, approvals or authorizations or to make such filings would not have a material adverse effect on Purchaser's financial condition or results of operations or business prospects, taken as a whole.

4.5 ADEQUATE RESOURCES.

Purchaser has sufficient cash and other resources to perform its obligations hereunder.

4.6 INVESTMENT EXPERIENCE.

Purchaser is an "accredited investor" as defined in Rule 501(a) under the Securities Act. Purchaser is aware of the Corporation's business affairs and financial condition and has had access to and has acquired sufficient information about the Corporation to reach an informed and knowledgeable decision to acquire the Shares, and the Option Shares, if any. Purchaser has such business and financial experience as is required to give it the capacity to protect its own interests in connection with the purchase of the Shares, and the Option Shares, if any. Purchaser is able to bear the economic risk of holding the Shares, and the Option Shares, if any, for an indefinite period, including the loss of Purchaser's entire investment. The Shares were not, and, in the case of the Option Shares, if any, will not be, offered or sold to Purchaser by any form of general solicitation or advertising.

4.7 INVESTMENT INTENT.

Purchaser is purchasing the Shares, and the Option Shares, if any, for its own account as principal, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, within the meaning of the Securities Act. Purchaser understands that its acquisition of the Shares has not been, and, in the case of the Option Shares, if any, will not be, registered under the Securities Act or registered or qualified under any state securities law in reliance on specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.

4.8 REGISTRATION OR EXEMPTION REQUIREMENTS.

Purchaser further acknowledges and understands that the Shares, and the Option Shares, if any, may be required to be held indefinitely, and they may not be resold or otherwise transferred except in a transaction registered under the Securities Act or where an exemption from such registration is available. Purchaser understands that the certificate(s) evidencing the Shares, and the Option Shares, if any, will be imprinted with a legend that prohibits the transfer of the Shares, and the Option Shares, if any, unless (a) they are registered or such registration is not required, and (b) if the transfer is pursuant to an exemption from registration other than Rule 144 promulgated under the Securities Act and, if the Corporation shall so request in writing, an opinion of counsel satisfactory to the Corporation is obtained to the effect that the transaction is so exempt and in compliance with applicable state law.

4.9 NO LEGAL, TAX OR INVESTMENT ADVICE.

Purchaser understands that nothing in this Agreement or any other materials presented to Purchaser in connection with the purchase and sale of the Shares and the Option Shares, if any, constitutes legal, tax or investment advice. Purchaser has consulted such legal,

tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Shares, and the Option Shares, if any.

4.10 PASSIVE INVESTOR.

Purchaser represents that Purchaser is acquiring the Shares and the Option without intention of participating in the formulation, determination or direction of the basic business decisions of the Corporation.

SECTION 5. ADDITIONAL AGREEMENTS.

5.1 NONSOLICITATION.

From the date hereof through and including until five years after the date of the Closing, each party hereto agrees that it will not, without the other party's prior written consent, solicit for employment any person who is now employed by the other party (it being understood that this Section 5.1 shall not prohibit the placing of general employment advertisements or solicitations not specifically targeted to any employee or employees of the other party).

5.2 LOCK-UP COVENANT.

During the period beginning on the date hereof and ending on the date 12 months after the date of the Closing (or such earlier date described below), Purchaser covenants that it will not, without the prior written consent of the Corporation, offer, sell or otherwise dispose of, directly or indirectly, any capital stock of the Corporation which Purchaser may own directly, indirectly or beneficially; provided, however, that Purchaser may transfer some or all of the Shares or the Option Shares either (A) to a corporation, partnership or other legal entity that is controlled by Purchaser, if such transferee agrees in writing to hold any Shares or Option Shares received subject to the provisions of this Agreement and to transfer such Shares or Option Shares back to Purchaser if such transferee ceases to be controlled by Purchaser or (B) pursuant to Section 11.12.

5.3 COMMERCIALLY REASONABLE EFFORTS.

Purchaser and the Corporation shall use commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or appropriate under applicable laws and regulations to consummate and make effective the purchase and sale of the Shares contemplated hereby and any exercise by Purchaser of all or any part of the Option, including, without limitation, (i) promptly filing Notification and Report Forms, if any are required, under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") with the Federal Trade Commission ("FTC") and the Antitrust Division

of the Department of Justice (the "Antitrust Division"), and responding as promptly as practicable to any inquiries received from the FTC or the Antitrust Division for additional information or documentation, and (ii) making all other necessary filings and obtaining all other necessary governmental and private party consents, approvals or waivers, required to consummate the transactions hereunder. Notwithstanding anything to the contrary in this Agreement, neither Purchaser, nor the Corporation, nor any of their subsidiaries shall be required to (i) divest, hold separate or license any material business(es), product line(s) or asset(s), (ii) take any action or accept any limitation that could reasonably be expected to have a material adverse effect on the financial condition or results of operations, of Purchaser or the Corporation and their respective subsidiaries, taken as a whole, as applicable or (iii) agree to any of the foregoing.

5.4 SEC FILINGS.

Until the Option has been exercised in full or expired in accordance with its terms, the Corporation agrees to timely file all forms, reports and documents which the Corporation is required to file with the SEC, which forms, reports and documents shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

SECTION 6. CONDITIONS TO CLOSING.

6.1 CONDITIONS TO OBLIGATIONS OF ALL PARTIES.

The obligations of each party to consummate the transactions

contemplated by this Agreement are subject to the satisfaction, on or before the date of the Closing, of each of the following conditions precedent:

6.1(a). Termination. This Agreement shall not have been terminated in accordance with its terms.

6.1(b). No Governmental Action. No action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which is reasonably expected to restrain, prohibit or invalidate the transactions contemplated by this Agreement.

6.1(c). Technology Agreements. Each of (i) the certain Cross-License Agreement dated as of May 16, 1999 by and between Venture Finance Software Corporation and the Corporation (ii) and the certain Distribution Agreement dated as of May 16, 1999 by and between the Corporation and Purchaser has been executed and delivered and all of the conditions precedent to its effectiveness shall have been satisfied or waived.

6.1(d) Governmental Clearances. The HSR Act waiting period, if any, related to this Agreement shall have expired or been terminated, and any other required authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any government entity shall have been obtained or filed.

6.2 CONDITIONS TO THE OBLIGATIONS OF PURCHASER.

The obligations of Purchaser to purchase the Shares as contemplated by this Agreement are subject to the satisfaction, on or before the date of the Closing, of each of the following conditions precedent, any one or more of which may be waived by Purchaser, in its sole and absolute discretion:

6.2(a). Representations and Warranties. The representations and warranties of the Corporation contained in this Agreement shall be true, correct and complete in all material respects when made and shall be true and correct as of the date of the Closing, with the same force and effect as if made on the date of the Closing.

6.2(b). Compliance with Covenants. The Corporation shall have in all material respects performed all obligations and agreements and complied with all covenants contained in this Agreement to be performed and complied with by the Corporation on or prior to the date of the Closing.

6.2(c). Material Adverse Event. No change, event or effect that could reasonably be expected to have a material adverse effect on the Corporation's financial condition or results of operations, taken as a whole, shall have occurred.

6.2(d). Legal Opinion. Purchaser shall have received from Hogan & Hartson L.L.P., legal counsel for the Corporation, an opinion dated the date of the Closing regarding due authorization and valid issuance of the Shares and the Option Shares by the Corporation.

6.3 CONDITIONS TO OBLIGATIONS OF THE CORPORATION.

The obligations of the Corporation to sell the Shares as contemplated by this Agreement are subject to the satisfaction, on or before the date of the Closing, of each of the following conditions precedent, any one or more of which may be waived by the Corporation, in its sole and absolute discretion:

6.3(a). Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true, correct and complete in all material respects when made and shall be true and correct as of the date of the Closing, with the same force and effect as if made on the date of the Closing.

6.3(b). Compliance with Covenants. Purchaser shall have in all material respects performed all obligations and agreements and complied with all covenants contained in this

Agreement to be performed and complied with by Purchaser on or prior to the date of the Closing.

SECTION 7. CLOSING.

7.1 DELIVERIES BY THE CORPORATION.

At the Closing, the Corporation shall deliver to Purchaser the following:

(1) A certificate or certificates registered in Purchaser's name, representing all of the Shares.

(2) A copy of the resolutions of the Board of Directors of the Corporation, as certified as of the date of the Closing by the Secretary of the Corporation, as being true, correct and complete and in full force and effect, authorizing the execution, delivery and performance of this Agreement by the Corporation, the authorization, sale, issuance and delivery of the Shares, and the performance of the Corporation's obligations hereunder.

(3) A certificate of the Corporation signed by an authorized officer of the Corporation certifying that the representations and warranties of the Corporation made herein are true, complete and correct in all material respects as of the date of this Agreement and are true and correct as of the date of the Closing, and the Corporation has in all material respects performed all obligations and agreements and complied with all covenants required to be performed or complied with by the Corporation on or prior to the Closing.

(4) The legal opinion required by Section 6.2(d) and such other certificates, instruments or documents as Purchaser may reasonably request in order to effect and document the transactions contemplated hereby.

7.2 DELIVERIES BY PURCHASER.

At the Closing, Purchaser shall deliver to the Corporation the following:

(1) $50,000,000, in cash or by wire transfer or certified or bank cashier's check, payable to the order of the Corporation.

(2) A certificate of Purchaser signed by an authorized officer of Purchaser certifying that the representations and warranties of Purchaser made herein are true, complete and correct in all material respects as of the date of this Agreement and are true and correct as of the date of the Closing (if different), and Purchaser has in all material respects performed all obligations and agreements and complied with all covenants required to be performed or complied with by Purchaser on or prior to the Closing.

(3) Such other certificates, instruments or documents as the Corporation may reasonably request in order to effect and document the transaction contemplated hereby.

SECTION 8. LEGEND.

8.1 ENDORSEMENT.

Each certificate representing the Shares and the Option Shares, if any, shall bear the following legend (in addition to any legend required by applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY OTHER FEDERAL OR STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY OTHER APPLICABLE FEDERAL SECURITIES LAWS COVERING SUCH SECURITIES OR THE CORPORATION RECEIVES AN OPINION OF COUNSEL IN FORM SATISFACTORY TO THE CORPORATION THAT AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

Each certificate representing the Shares and any Option Shares issued on or before May 16, 2000 shall bear the following additional legend:

> ADDITIONALLY, THE TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER THAT EXPIRE ON MAY 16, 2000 SPECIFIED IN THE STOCK PURCHASE AND OPTION AGREEMENT DATED MAY 16, 1999 (THE "AGREEMENT") BETWEEN THE CORPORATION AND THE ORIGINAL PURCHASER, AND NO TRANSFER OF SHARES SHALL BE VALID OR EFFECTIVE ABSENT COMPLIANCE WITH SUCH RESTRICTIONS. ALL SUBSEQUENT HOLDERS OF THIS CERTIFICATE PRIOR TO MAY 16, 2000 WILL HAVE AGREED TO BE BOUND BY CERTAIN OF THE TERMS OF THE AGREEMENT, INCLUDING SECTION 5.2 OF THE AGREEMENT. COPIES OF THE AGREEMENT MAY BE OBTAINED AT NO

COST BY WRITTEN REQUEST MADE BY THE REGISTERED HOLDER OF THIS CERTIFICATE TO THE SECRETARY OF THE CORPORATION.

8.2 REMOVAL OF LEGEND.

The legend endorsed on a stock certificate pursuant to Section 8.1 of this Agreement, insofar as it relates to registration under the Securities Act, shall be removed and the Corporation shall issue a certificate without such legend to the holder of such Shares, if such Shares are registered under applicable federal securities laws and a prospectus meeting the requirements of the rules and regulations of the SEC is available or if such holder provides to the Corporation an opinion of counsel to such holder reasonably satisfactory to the Corporation, to the effect that a public sale, transfer or assignment of such Shares may be made without registration and without compliance with any restrictions. The legend endorsed on a stock certificate pursuant to Section 8.1 of this Agreement, insofar as it relates to additional restrictions specified in this Agreement, shall be removed upon the expiration of the applicable provisions referenced therein.

SECTION 9. REGISTRATION RIGHTS

9.1 DEMAND REGISTRATION RIGHTS.

9.1(a). At any time after the first anniversary of the Closing, Purchaser may request registration for sale under the Securities Act of any Common Stock owned by Purchaser (a "Demand Registration"), provided, however, that the Corporation shall only be obligated to effect one Demand Registration for Purchaser. A Demand Registration shall specify the approximate number of shares of Common Stock that Purchaser requests be registered.

9.1(b). A Demand Registration shall be deemed to occur when such registration becomes effective under the Securities Act, except that if, after it becomes effective, such Demand Registration is interfered with by any stop order, injunction or other order or requirement of the SEC (or any successor regulator thereto as to federal securities laws) or any other governmental authority, such registration shall not be deemed to have been effected unless such stop order, injunction or other order shall have been subsequently vacated or removed.

9.2 REGISTRATION PROCEDURES.

9.2(a). The Corporation shall have no obligation to include Common Stock owned by Purchaser in a registration statement unless and until Purchaser has furnished the Corporation with all information and statements about or pertaining to Purchaser in such reasonable detail and on such timely basis as is reasonably deemed by the Corporation to be necessary or appropriate for the preparation of the registration statement.

9.2(b). Whenever Purchaser has requested that its Common Stock be registered pursuant to Section 9.1 hereof, the Corporation shall, subject to the provisions of Section 9.1 and Section 9.2:

(1) prepare and file with the SEC a registration statement with respect to such Common Stock covered by the Demand Registration and use its reasonable efforts to

cause such registration statement to become effective as soon as practicable after the filing thereof (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Corporation shall furnish counsel for Purchaser with copies of all such documents proposed to be filed);

(2) prepare and file with the SEC such amendments and supplements to such registration statement and prospectus contained therein as may be necessary to keep such registration statement effective for a period of not less than three months or until Purchaser has completed the distribution described in such registration statement, whichever occurs first;

(3) furnish to Purchaser the number of copies of such registration statement, each amendment and supplement thereto, the prospectus contained in such registration statement (including each preliminary prospectus), and such other documents as Purchaser may reasonably request;

(4) if required by applicable law, use reasonable efforts to register or qualify such shares under the state blue sky or securities laws

("Blue Sky Laws") of such jurisdictions as Purchaser reasonably requests (and to keep such registrations and qualifications effective for a period of three months, or until Purchaser has completed the distribution of such shares, whichever occurs first), and to do any and all other acts and things that may be reasonably necessary or advisable to enable Purchaser to consummate the disposition of such shares in such jurisdictions; provided, however, that the Corporation will not be required to do any of the following: (i) qualify generally to do business in any jurisdiction where it would not be required but for this Section 9.2(b), (ii) subject itself to taxation in any such jurisdiction, or (iii) file any general consent to service of process in any such jurisdiction;

(5) promptly notify Purchaser at any time when a prospectus relating thereto is required to be delivered under applicable federal securities laws during the period that the Corporation is required to keep the registration statement effective, of the occurrence of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and prepare a supplement or amendment to the prospectus so that, as thereafter delivered to the purchasers of such shares, the prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

9.2(c). The Corporation will use reasonable efforts to cause all Shares and Option Shares to be listed on the Nasdaq Stock Market National Market System (or such other securities exchange on which the Common Stock is then listed).

9.3 REGISTRATION EXPENSES.

9.3(a). If, pursuant to Section 9.1 hereof, Common Stock owned by Purchaser is included in a registration statement, then Purchaser shall pay all transfer taxes, if any, relating to the sale of its Common Stock, the fees and expenses of its own counsel, and its pro rata portion of any underwriting discounts or commissions or the equivalent thereof.

9.3(b). Except for the fees and expenses specified in Section 9.3(a) hereof and except as provided below in this Section 9.3(b), the Corporation shall pay all expenses incident to the registration and to the Corporation's performance of or compliance with this Agreement, including, without limitation, all registration and filing fees, fees and expenses of compliance with Blue Sky Laws, printing expenses, messenger and delivery expenses, and fees and expenses of counsel for the Corporation and all independent certified public accountants and other persons retained by the Corporation. With respect to any registration pursuant to Section 9.3 hereof, the Corporation shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties) and the expenses and fees for listing the securities to be registered on the Nasdaq Stock Market National Market System, if applicable.

9.4 INDEMNITY AND CONTRIBUTION.

9.4(a). In the event that any Common Stock owned by Purchaser is sold by means of a registration statement pursuant to Section 9.1 hereof, Purchaser (for the purposes of this paragraph 9.4(a), the "Indemnifying Person") agrees to indemnify and hold harmless the Corporation, each of the Corporation's officers and directors, and each person, if any, who controls or may control the Corporation within the meaning of the Securities Act (for the purposes of this paragraph 9.4(a), the Corporation, its officers and directors, and any such other persons being hereinafter referred to individually as an "Indemnified Person" and collectively as "Indemnified Persons") from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs, and expenses, including, without limitation, interest, penalties, and reasonable attorneys' fees and disbursements, asserted against, resulting to, imposed upon, or incurred by such Indemnified Person, directly or indirectly (collectively, hereinafter referred to in the singular as a "Claim" and in the plural as "Claims"), based upon, arising out of, or resulting from (i) any untrue statement of a material fact contained in the registration statement or any omission to state therein a material fact necessary in order to make the statements made therein not misleading, or (ii) any untrue statement of a material fact contained in the prospectus, or any supplement or amendment thereto, or any omission to state therein a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, in each case, only to the extent that such Claim is based upon, arises out of or results from information furnished to the Corporation by Purchaser for use in connection with the registration statement.

9.4(b). The Corporation (for the purposes of this paragraph 9.4(b), the "Indemnifying Person") agrees to indemnify and hold harmless Purchaser, its officers and directors, each person, if any, who controls or may control Purchaser within the meaning of the Securities Act (for the purposes of this paragraph 9.4(b), Purchaser, its officers and directors, and any such other persons also being hereinafter referred to individually as an "Indemnified Person" and collectively as "Indemnified Persons") from and against all Claims based upon, arising out of, or resulting from (i) any untrue statement of a material fact contained in the registration statement or any omission to state therein a material fact necessary in order to make the statement made therein not misleading, or (ii) any untrue statement of a material fact contained in the prospectus, or any supplement or amendment thereto, or any omission to state therein a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except to the extent that such Claim is based upon, arises out of or results from information furnished to the Corporation by Purchaser for use in the registration statement.

9.4(c). The indemnification set forth herein shall be in addition to any liability the Corporation or Purchaser may otherwise have in connection with any registration of such Common Stock. Within a reasonable time after receiving definitive notice of any Claim in respect of which an Indemnified Person may seek indemnification under this Section 9.4, such Indemnified Person shall submit written notice thereof to Indemnifying Person. The failure of the Indemnified Person so to notify the Indemnifying Person of any such Claim shall not relieve the Indemnifying Person from any liability it may have hereunder except to the extent that (a) such liability was caused or increased by such failure, or (b) the ability of the Indemnifying Person to reduce such liability was materially adversely affected by such failure. In addition, the failure of the Indemnified Person to so notify the Indemnifying Person of any such Claim shall not relieve the Indemnifying Person from any liability it may have otherwise than hereunder. The Indemnifying Person shall have the right to undertake, by counsel or representatives of its own choosing, the defense, compromise, or settlement (without admitting liability of the Indemnifying Person or the Indemnified Person) of any such Claim asserted, such defense, compromise, or settlement to be undertaken at the expense and risk of the Indemnifying Person, and the Indemnified Person shall have the right to engage separate counsel, at its own expense, which counsel for the Indemnifying Person shall keep informed and consult with in a reasonable manner. In the event the Indemnifying Person shall fail to undertake such defense by its own representatives, the Indemnifying Person shall give prompt written notice of such election to the Indemnified Person, and the Indemnified Person shall undertake the defense, compromise, or settlement (without admitting liability of the Indemnified Person or the Indemnifying Person) thereof on behalf of and for the account and risk of the Indemnifying Person by counsel or other representatives designated by the Indemnified Person. In the event that any Claim shall arise out of a transaction or cover any period or periods wherein the Corporation and Purchaser shall each be liable hereunder for part of the liability or obligation arising therefrom, then the parties shall, each choosing its own counsel and bearing its own expenses, defend such Claim, and no settlement or compromise of such Claim may be made without the joint consent or approval of the Corporation and Purchaser. Notwithstanding the foregoing, no Indemnifying Person shall be

obligated hereunder with respect to amounts paid in settlement of any Claim if such settlement is effected without the consent of such Indemnifying Person (which consent shall not be unreasonably withheld).

SECTION 10. TERMINATION.

10.1 MUTUAL CONSENT.

The parties may terminate this Agreement at any time by mutual written agreement.

10.2 OTHER TERMINATION.

The Corporation or the Purchaser may terminate this Agreement prior to the Closing by giving notice (a "Termination Notice") to the other party at the time designated in this Section or, in the absence of such designation, at any time up to and including the date of the Closing, if any one or more of the following shall have occurred and be continuing:

10.2(a). Termination By Any Party. Any party may terminate this Agreement if a court or other governmental authority of competent jurisdiction shall have issued an order, writ, injunction or decree or shall have taken any

other action permanently restraining or otherwise prohibiting the purchase of the Shares or the exercise of the Option contemplated hereby and such order, writ, injunction, decree or other action shall have become final and nonappealable.

10.2(b). Termination By Purchaser. Purchaser may terminate this Agreement prior to the Closing, if any condition precedent set forth in Sections 6.1 or 6.2 shall not have been satisfied by October 31, 1999.

10.2(c). Termination By the Corporation. The Corporation may terminate this Agreement prior to the Closing, if any condition precedent set forth in Sections 6.1 or 6.3 shall not have been satisfied by October 31,1999.

10.3 EFFECT OF TERMINATION.

Termination of this Agreement pursuant to this Section shall not relieve any party of any liability for a default or other breach, default or nonperformance under this Agreement. Notwithstanding the foregoing, no party hereto shall be liable for consequential or punitive damages in connection with such termination.

SECTION 11. MISCELLANEOUS.

11.1 ADDITIONAL ACTIONS AND DOCUMENTS.

Each of the parties hereto agrees that it will, at any time, prior to, at or after the Closing, take or cause to be taken such further actions, and execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments (including export license applications) as may be necessary or reasonably requested in connection with the consummation of the purchase and sale contemplated by this Agreement or in order to fully effectuate the purposes, terms and conditions of this Agreement.

11.2 EXPENSES.

Except as specified in Section 9, each party hereto shall pay its own expenses incurred in connection with this Agreement and in the preparation for and consummation of the transactions contemplated hereby.

11.3 NOTICES.

All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered, mailed by first-class registered or certified mail, return receipt requested, postage prepaid, or delivered by overnight air courier, addressed as follows:

(i)if to the Corporation:

Security First Technologies Corporation
3390 Peachtree Road, NE, Suite 1700
Atlanta, GA 30326
Attn.: President

with a copy (which shall not constitute notice) to:

Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Attn.: Stuart G. Stein, Esq.

(ii) if to Purchaser:

Intuit Inc.
2535 Garcia Avenue

Mountain View, CA 94043
Attn.: General Counsel

with a copy (which shall not constitute notice) to:

Heller Ehrman White & McAuliffe

525 University Avenue
Palo Alto, CA 94301
Attn.: Sarah O'Dowd, Esq.

or such other address as the addressee may indicate by written notice to the other parties. Each notice, demand, request, or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.4 WAIVER.

No waiver by any party of any failure or refusal of any other party to comply with its obligations under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal to so comply by such other party. No waiver shall be valid unless in writing signed by the party to be charged and only to the extent therein set forth.

11.5 BINDING EFFECT.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11.6 ENTIRE AGREEMENT; AMENDMENT.

This Agreement, including the other instruments and documents referred to herein or delivered pursuant hereto, contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, commitments or understandings with respect to such matters. No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification or discharge is sought.

11.7 SEVERABILITY.

If any part of any provision of this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or

unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said Agreement.

11.8 HEADINGS.

The headings of the sections and subsections contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning, construction or scope thereof.

11.9 GOVERNING LAW.

This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed under and in accordance with the laws of the State of Delaware, excluding the choice of law rules thereof.

11.10 SIGNATURE IN COUNTERPARTS.

This Agreement may be executed in separate counterparts, none of which need contain the signatures of all parties, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than the number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

11.11 NO THIRD PARTY BENEFICIARIES.

Except as expressly provided herein, this Agreement is made and entered into for the sole protection and benefit of the parties hereto, and no other person or entity shall have any right of action hereon, right to claim any right or benefit from the terms contained herein or be deemed a third party beneficiary hereunder.

11.12 ASSIGNABILITY.

All terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective transferees, successors and assigns; provided, however, that neither this Agreement nor any rights, privileges, duties and obligations of the parties hereto may be assigned or delegated by any party hereto without the prior written consent of all the parties to this Agreement and any such purported or attempted assignment shall be null and void ab initio and of no force or effect; provided, further that Purchaser may assign this Agreement, including the Option and other rights, privileges, duties and obligations hereunder to (i) any affiliate of Purchaser, which is wholly or substantially owned directly or indirectly by Purchaser so long as such assignment does not in any way materially delay or otherwise materially adversely impact the ability of the parties hereto to effect the transactions

contemplated hereby, or (ii) any acquiror of all or substantially all of the assets or stock of Purchaser whether by merger, tender offer, asset sale or other transaction.

11.13 PARTIES NOT PARTNERS.

Nothing contained in this Agreement shall constitute any party as a partner with, agent for or principal of any one or more of the other parties or their successors and assigns.

11.14 NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

Except for the representations and warranties of the Corporation set forth in Section 3.2 hereof, none of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing, except for those covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Closing.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

SECURITY FIRST TECHNOLOGIES CORPORATION

By: /s/ James S. Mahan

Name: James S. Mahan III
Title: Chairman and Chief Executive Officer

INTUIT INC.

By: /s/ William H. Harris, Jr.

Name: William H. Harris, Jr.
Title: President & CEO

SCHEDULE 3.3

1. Common Stock Purchase and Option Agreement by and between Security First Network Bank and RBC Holdings (Delaware) Inc.
Outstanding Options:

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382,556	$6.54	June 30, 1999
347,948	$7.19	December 30, 1999
316,256	$7.91	June 30, 2000

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Effect of these options on the Corporation's fully diluted capitalization, calculated under the "treasury" method: 794,705 shares.

2. Warrant to purchase common stock of Security First Technologies Corporation with Royal Bank of Canada. Warrants to purchase 800,000 shares of S1's common stock outstanding at an exercise price of $30.00 per share. The warrant will vest in four equal installments if, as of four annual measurement dates, Royal Bank has a specified number of customers using the Virtual Financial Manager software. No impact on fully diluted number.

3. Warrant to purchase common stock of Security First Technologies Corporation with Andersen Consulting LLP. Warrants to purchase 200,000 shares of S1's common stock outstanding at an exercise price of $54.94 per share. The warrant will vest, if at all, in three installments of 40,000, 80,000, and 80,000 shares only if S1 enters into agreements to sell its services or license its products to specified customers as a result of the relationship with Andersen Consulting. No impact on fully diluted number.

4. FICS transaction: Currently contemplated that an aggregate of 20,000,000 shares of common stock, including shares of common stock which may be issued upon exercise of options (18,874,413 shares, calculated to derive the fully diluted number) will be issued at Closing. The exact breakdown in terms of a number of shares which will be issued at closing of that transaction is unavailable. For each additional option granted by FICS pre-closing, Security First will reduce the number of shares of common stock it delivers at closing.

5. Edify transaction: Currently contemplated that an aggregate of approximately 7,521,017 shares of common stock, including shares of common stock which may be issued upon exercise of options (6,869,799 shares, calculated to derive the fully diluted number) will be issued at Closing.

6. Shares reserved for issuance upon conversion of preferred stock:

    a. The outstanding shares of Series A Preferred are convertible into 932,900 shares of common stock;

    b. The outstanding shares of Series B Preferred are convertible into 1,070,090 shares of common stock; and

    c. The outstanding shares of Series C Preferred are convertible into 430,000 shares of common stock.

   All such shares of common stock are included in the fully diluted number on an as-converted basis.

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