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Jun. 02, 2009

From Press Release:

MOUNTAIN VIEW, Calif.— Intuit Inc. (Nasdaq: INTU) has signed a definitive agreement to purchase PayCycle Inc., one of the nation's fastest-growing online payroll services, serving more than 85,000 small businesses. The cash transaction is valued at approximately \$170 million, subject to adjustment. Privately held PayCycle, based in Palo Alto, Calif., is a leader in online payroll for small businesses, accountants and financial institutions.

The acquisition will give small businesses access to one of the most innovative, easy-to-use and cost-effective online payroll solutions from one of the strongest and most trusted brands in financial management software. In addition, it will provide hundreds of thousands of accountants with the ability to easily and profitably offer services as stand-alone payroll providers for their small business customers.

Customer Value

“We'll offer small businesses a range of low-cost, high-value alternatives to expensive payroll outsourcers and time-consuming, error-prone manual payroll methods,” said Nora Denzel, senior vice president and general manager of Intuit Employee Management Solutions. “In addition, the acquisition will enable Intuit to develop and deploy the next generation of online payroll tools more quickly.”

PayCycle chief executive Jim Heeger, a former Intuit chief financial officer, said the two companies' strengths complement each other.

“We share a common vision: using the Internet to deliver a secure and

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is designed to give customers online access to its products and services. Today, Intuit derives more than half its total revenue from connected services offerings.

Expanding the online capability of its payroll offering advances Intuit's move into the “software as a service” markets for small business.

As a result, the company expects to accelerate the growth rate of its overall payroll business.

In addition, PayCycle's partnerships with financial institutions are expected to extend Intuit's ability to offer integrated payroll solutions to an even larger set of partners and deliver a simple payroll solution to a greater number of small businesses.

Terms and Conditions

The transaction is expected to close during the third quarter of calendar year 2009 and is subject to regulatory review and other customary closing conditions.

Intuit expects the acquisition to reduce its GAAP earnings by approximately 2 cents per share in the fourth quarter of fiscal year 2009. Intuit does not expect the acquisition to have a material effect on fiscal year 2010 earnings.

After the transaction is complete, PayCycle will become part of Intuit's small business group. PayCycle CEO Heeger will serve as a strategic advisor to Intuit for six months to help ensure a smooth integration of the two companies.

About Intuit Inc.

Intuit Inc. is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Its flagship products and services, including QuickBooks, Quicken and TurboTax, simplify small business management and payroll processing, personal finance, and tax

preparation and filing. ProSeries and Lacerte are Intuit's leading tax preparation

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can be found at www.intuit.com.

About PayCycle

PayCycle is America's No. 1 online payroll service, serving more than 85,000 small businesses. PayCycle provides an easy-to-use, innovative, efficient service for small businesses, backed by outstanding customer support. PayCycle also powers payroll services for leading financial institutions including Capital One and PNC Bank, and provides client payroll services through many of the nation's accounting professionals. The PayCycle service integrates with leading accounting programs, such as QuickBooks, Quicken, Peachtree and Microsoft Money. PayCycle's unique "Do-It-With-YouSM" (DIWYSM) technology platform guides customers through the entire payroll process from paycheck to W-2 forms. PayCycle also holds PC Magazine's highest editorial honor for small business payroll, the PC Magazine Editors' Choice Award. Visit www.paycycle.com for a free trial of the service.

Payroll • Technology

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