



## **ASX Announcement**

6 December 2010

### **Reckon Signs New Distribution Agreement with Intuit**

Reckon Limited is pleased to announce today that it has concluded negotiations with Intuit Inc to set up a new and improved licensing arrangement for QuickBooks and Quicken products.

Reckon's existing licensing arrangement with Intuit was struck in 1998 and only dealt with desktop applications and so it became appropriate to refresh its contents.

Reckon and Intuit have been closely collaborating in recent times to meet the demands of changing technology, in particular the changing circumstances arising out of the emerging online market.

Clive Rabie, Group CEO of Reckon Limited, said:

“Although the online market currently only represents a small part of our new product sales, the patterns are showing that over the next few years online products will become more significant. While Reckon has enjoyed access to Intuit's technology for desktop solutions, which have been localised to make the product relevant to the whole local market, it is not as easy to replicate the model for so-called 'cloud' versions of the product.

We feel that it is essential that we maintain full control over localisation and hosting requirements for online products to ensure that they remain specifically relevant to Australian and New Zealand businesses and so, in the case of online products, Reckon has decided to pursue its own development strategy.

The agreement has been designed to give both parties more flexibility in the online world.”

Alex Lintner, President, Intuit Global Business Division, said:

“This new arrangement represents an improved position for both parties and provides additional long-term stability for Reckon's QuickBooks and Quicken customers. We have clarified and aligned Reckon's and Intuit's respective objectives, especially in relation to the online world. This agreement further cements the relationship between the two companies and will allow us to work even closer.”

## Summary of key terms of new agreement compared to old agreement

	New Agreement	Previous Agreement
<b>Product</b>	QuickBooks and Quicken Desktop and QuickBooks Hosted by Reckon Online.	QuickBooks and Quicken Desktop.
<b>Term</b>	Five year licence.  Automatic rolling terms of three year extensions.  At any time after termination of the licence Reckon has the ability to continue to offer and enhance the then last version of the products.	Ten year licence.  Rolling terms of one year extensions, subject to achievement of KPI's.
<b>KPI's</b>	No KPI's.	Market growth objectives must be met for the term to roll over each year.
<b>Territory</b>	Australia and New Zealand.	Australia and New Zealand.
<b>Exclusivity</b>	Reckon is the only distributor of Intuit's desktop QuickBooks and Quicken, and QuickBooks Hosted by Reckon Online in the Territory.	Reckon is the only distributor of Intuit's desktop QuickBooks and Quicken in the Territory.
<b>Assignment of Rights</b>	Reckon needs Intuit's approval to assign to a competitor.	Reckon needs Intuit's approval to assign to a competitor.
<b>Board nominee</b>	Intuit has the right, subject to shareholder approval, to appoint a board member.	Intuit has the right, subject to shareholder approval, to appoint a board member.

Mr Rabie CEO Reckon Limited added:

“The agreement is more nimble with triggers for either party to independently pursue online ambitions while at the same time securing Reckon's rights to the desktop technology.

So we retain the very best of the existing agreement, while extending Reckon's rights related to customer data and ability to pursue online strategies.

We do not believe that the new arrangement changes the underlying cost base of the Reckon business now, during any notice period or beyond.

The relationship with Intuit remains very strong and we have formal arrangements in place to meet regularly to collaborate, consult and co-operate on future strategies.”

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