

INTUIT INC  
Form 10-K  
September 13, 2012  
Tables of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended July 31, 2012

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

(State of incorporation)

77-0034661

(IRS Employer Identification No.)

2700 Coast Avenue, Mountain View, CA 94043

(Address of principal executive offices, including zip code)

(650) 944-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock, \$0.01 par value

Name of Exchange on Which Registered

NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by 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

Edgar Filing: INTUIT INC - Form 10-K

required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of Intuit Inc. outstanding common stock held by non-affiliates of Intuit as of January 31, 2012, the last business day of our most recently completed second fiscal quarter, based on the closing price of \$56.44 reported by the NASDAQ Global Select Market on that date, was \$15.7 billion.

There were 295,371,402 shares of Intuit voting common stock outstanding as of August 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its Annual Meeting of Stockholders to be held on January 17, 2013 are incorporated by reference in Part III of this Annual Report on Form 10-K.

Tables of Contents

INTUIT INC.  
FISCAL 2012 FORM 10-K

## INDEX

Item	Page
<u>PART I</u>	
<u>ITEM 1: Business</u>	<u>3</u>
<u>ITEM 1A: Risk Factors</u>	<u>16</u>
<u>ITEM 1B: Unresolved Staff Comments</u>	<u>27</u>
<u>ITEM 2: Properties</u>	<u>27</u>
<u>ITEM 3: Legal Proceedings</u>	<u>27</u>
<u>ITEM 4: Mine Safety Disclosures</u>	<u>28</u>
<u>PART II</u>	
<u>ITEM 5: Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>28</u>
<u>ITEM 6: Selected Financial Data</u>	<u>31</u>
<u>ITEM 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
<u>ITEM 7A: Quantitative and Qualitative Disclosures About Market Risk</u>	<u>53</u>
<u>ITEM 8: Financial Statements and Supplementary Data</u>	<u>55</u>
<u>ITEM 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>97</u>
<u>ITEM 9A: Controls and Procedures</u>	<u>97</u>
<u>ITEM 9B: Other Information</u>	<u>97</u>
<u>PART III</u>	
<u>ITEM 10: Directors, Executive Officers and Corporate Governance</u>	<u>98</u>
<u>ITEM 11: Executive Compensation</u>	<u>99</u>
<u>ITEM 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>99</u>
<u>ITEM 13: Certain Relationships and Related Transactions, and Director Independence</u>	<u>99</u>
<u>ITEM 14: Principal Accountant Fees and Services</u>	<u>99</u>
<u>PART IV</u>	
<u>ITEM 15: Exhibits and Financial Statement Schedules</u>	<u>100</u>
<u>Signatures</u>	<u>106</u>
EX-10.16	
EX-10.17	
EX-10.18	
EX-10.19	
EX-10.23	
EX-10.24	
EX-10.25	
EX-10.34	

EX-10.35

EX-21.01

EX-23.01

EX-31.01

EX-31.02

EX-32.01

EX-32.02

EX-101.INS XBRL Instance Document

EX-101.SCH XBRL Taxonomy Extension Schema

EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX-101.LAB XBRL Taxonomy Extensions Label Linkbase

EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase

EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

Intuit, the Intuit logo, QuickBooks, TurboTax, Lacerte, ProSeries, Quicken and Mint, among others, are registered trademarks and/or registered service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Other parties' marks are the property of their respective owners.

Tables of Contents

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Please see the section entitled “Forward-Looking Statements and Risk Factors” in Item 1A of this Report for important information to consider when evaluating these statements.

PART I  
ITEM 1  
BUSINESS

CORPORATE BACKGROUND

General

Intuit Inc. is a leading provider of innovative business and financial management solutions for small businesses, consumers, accounting professionals and financial institutions. Our flagship products and services that include QuickBooks, TurboTax and Quicken help customers solve important business and financial management problems, such as running a small business, paying bills, filing income taxes, or managing personal finances. ProSeries and Lacerte are Intuit’s leading tax preparation offerings for professional accountants. Our Intuit Financial Services business provides digital banking solutions to banks and credit unions that help them make it easier for their customers to manage money and pay bills.

Our products and services are available in the United States, Canada, the United Kingdom, India and Singapore, helping to simplify the business of life for more than 60 million people.

We had revenue of \$4.2 billion in our fiscal year ended July 31, 2012, and had approximately 8,500 employees in major offices in the United States, Canada, India, the United Kingdom and other locations at that time.

Intuit was incorporated in California in March 1984. We reincorporated in Delaware and completed our initial public offering in March 1993. Our principal executive offices are located at 2700 Coast Avenue, Mountain View, California, 94043, and our main telephone number is 650-944-6000. Our corporate website, [www.intuit.com](http://www.intuit.com), provides materials for investors and information relating to Intuit’s corporate governance. The content on any website referred to in this filing is not incorporated by reference into this filing unless expressly noted otherwise. When we refer to “we,” “our” or “Intuit” in this Annual Report on Form 10-K, we mean the current Delaware corporation (Intuit Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

Available Information

We file reports required of public companies with the Securities and Exchange Commission (SEC). These include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to these reports. The public may read and copy the materials we file with or furnish to the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We make available free of charge on the Investor Relations section of our corporate website all of the reports we file with or furnish to the SEC as soon as reasonably practicable after the reports are filed or furnished. Copies of this Annual Report on Form 10-K may also be obtained without charge by contacting Investor Relations, Intuit Inc., P.O. Box 7850, Mountain View, California 94039-7850 or by calling 650-944-6000.

## BUSINESS OVERVIEW

### Intuit's Mission

We seek to be a premier innovative growth company that improves our customers' financial lives so profoundly they can't imagine going back to the old way.

Our customers include consumers and small businesses, and those who serve them – accountants, financial institutions and health care providers. We help simplify the business of life in four ways:

- Improving financial strength – Helping consumers make and save money and small businesses to grow and profit.
- Increasing productivity – Turning drudgery into time for what matters most.
- Maintaining compliance – Helping customers comply with regulations.
- Building confidence – Sharing the wisdom and experience of others.

## Tables of Contents

As emerging technology and market trends change the way people live and work, we change, too. We've adapted our product line, moving from the desktop to the Web and mobile devices. By offering many services online, we're connecting customers to our solutions and with each other in ways that add more value to our products and services.

We apply this vision globally, helping our customers expand their business to overseas markets, creating and selling our own products internationally, and extending our hiring horizons beyond geographic borders.

### Our Business Portfolio

We organize our portfolio of businesses into four principal categories — Small Business Group, Tax, Financial Services and Other Businesses. These categories include seven financial reporting segments.

**Small Business Group:** This category includes three segments – Financial Management Solutions, Employee Management Solutions, and Payment Solutions – targeting the small business market.

Our Financial Management Solutions segment includes QuickBooks financial and business management software and services; QuickBooks technical support; financial supplies; and Demandforce, which provides online marketing and customer communication solutions.

Our Employee Management Solutions segment provides payroll products and services.

Our Payment Solutions segment provides merchant services, including credit and debit card processing; electronic check conversion and automated clearing house services; Web-based transaction processing services for online merchants; and GoPayment mobile payment processing services.

**Tax:** This category includes two segments — Consumer Tax and Accounting Professionals.

Our Consumer Tax segment includes TurboTax income tax preparation products and services for consumers and small businesses.

Our Accounting Professionals segment includes Lacerte, ProSeries and Intuit Tax Online professional tax products and services. This segment also includes QuickBooks Premier Accountant Edition and the QuickBooks ProAdvisor Program for accounting professionals.

**Financial Services:** This segment consists primarily of digital (online and mobile) banking solutions for financial institutions provided by our Intuit Financial Services business.

**Other Businesses:** This segment includes our global businesses, primarily in Canada, the United Kingdom, India and Singapore; our personal finance offerings, Quicken and Mint; and Intuit Health online patient-to-provider communication solutions.

### Our Growth Strategy

We innovate to drive growth, adapting our approach to meet changing demographic, technology, market, and geographic trends. We build, and enable others to build, innovative offerings to solve our customers' problems, based upon our three-point growth strategy.

Driving growth in our core businesses. Our leading offerings include TurboTax, QuickBooks, QuickBooks Payroll, payment solutions, ProSeries, Lacerte, and our online and mobile banking platform. We acquire new users by expanding our categories and increasing awareness. We keep existing customers by delivering greater benefits and ease of use. We also generate new revenue by expanding usage to other offerings in our portfolio.

Building adjacent businesses and entering new geographies. By pursuing partnerships, completing acquisitions and creating new offerings, we're extending our core and accelerating our entry into new businesses. Demandforce, for example, helps small businesses get and keep customers with software as a service marketing and communication

solutions. In addition, we're expanding our horizons by offering solutions such as QuickBooks Online to customers around the world.

Accelerating our transition to connected services. Our connected services strategy provides new ways for people and businesses to connect and share information with each other, whether on the desktop, the Web, or mobile devices. We design products with a “mobile-first” approach, recognizing customers' increasing demand for anytime, anywhere, any



Tables of Contents

device access to their information. Our TurboTax solutions, for example, let customers prepare and file their entire tax returns online, via tablet, mobile phone, or the desktop.

And we seek to use data to delight customers by eliminating the need to enter data, helping them make better decisions and improve transactions and interactions.

This strategy recognizes the emergence and influence of the digital generation, the increasing relevance of social networks, and customers' growing reliance on the Web, mobile devices and information-based technology to manage important tasks. It also acknowledges the potential of new market opportunities in rapidly developing economies. The end result is a global market that is shifting from traditional services that are paper-based, human-produced, and brick-and-mortar bound, to one where people understand, demand, and embrace the benefits of connected services.

We continue to make significant progress in this environment. Connected services generated \$2.7 billion or 64 percent of our total revenue in fiscal 2012, compared with 50 percent of our total revenue five years ago. Within connected services, software as a service offerings by themselves produced about \$1.6 billion, or nearly 40 percent of our total revenue in fiscal 2012.

### Summary

Generations age. Borders blur. Technology advances. As the way we live and work evolves, we adapt our strategy to meet and lead these changes. Yet our commitment remains consistent: Developing innovative products and services that are so convenient and easy to use that customers actively recommend them to others. It's been our success formula for more than a quarter-century as we've worked to solve people's important business and financial management problems. And we'll maintain that commitment as we continue to evolve, working to help people solve each other's problems, connecting people to people and to solutions, wherever they are, whenever they want them.

### PRODUCTS AND SERVICES

We offer our products and services in the seven business segments described in "Business Overview" above. The following table shows the classes of similar products or services, consistent with our reportable segments, that accounted for 10% or more of total net revenue within the last three fiscal years.

	Fiscal 2012		Fiscal 2011		Fiscal 2010	
Financial Management Solutions	17	%	17	%	16	%
Employee Management Solutions	12	%	12	%	12	%
Payment Solutions	10	%	9	%	9	%
Consumer Tax	35	%	34	%	34	%
Accounting Professionals	10	%	11	%	11	%
Financial Services	9	%	9	%	10	%

Our products and services are sold mainly in the United States and are described below. International total net revenue was less than 5% of consolidated total net revenue for fiscal 2012, 2011 and 2010. For financial information about these segments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and Note 15 to the financial statements in Item 8 of this Report.

Financial Management Solutions

QuickBooks. Our QuickBooks product line brings bookkeeping capabilities and business management tools to small business users in an easy-to-use design that does not require them to be familiar with debit and credit accounting. We offer a range of desktop and online products and services to suit the needs of different types of businesses. Our desktop software products include QuickBooks Pro and QuickBooks Pro for Mac, which provide accounting functionality for small businesses; QuickBooks Premier, which provides small businesses with advanced accounting functionality and business planning tools; and QuickBooks Enterprise Solutions, designed for larger businesses. Our Premier and Enterprise products also come in a range of industry-specific editions, including Contractor, Manufacturing and Wholesale, Nonprofit, Professional Services, and Retail. Our online offerings include QuickBooks Simple Start Online, which provides accounting functionality suitable for very small, less complex businesses. QuickBooks Online Essentials and QuickBooks Online Plus provide online accounting

## Tables of Contents

functionality suitable for progressively larger businesses. All three offerings allow multiple users to access the application from any location via the Internet using a personal computer, tablet device or smartphone.

**QuickBooks Technical Support.** We offer several technical support options to our QuickBooks customers. These include support plans that are sold separately and priced based on the length of the plan. We also offer a limited amount of free technical support assistance to customers, a free self-help information section on our QuickBooks.com website and free access to the QuickBooks Community, an online forum where QuickBooks users can share information with each other.

**Demandforce.** Our Demandforce offerings help small businesses communicate with their customers, build their online reputations, and leverage a network of local businesses for more effective online marketing. Features include e-mail and text message appointment reminders and confirmations; electronic marketing offers and newsletters; online customer reviews and referrals; and tools for tracking and measuring the effectiveness of electronic marketing efforts.

**Financial Supplies.** We offer a range of financial supplies designed for small businesses and individuals that use QuickBooks and Quicken. These include standard paper checks and Secure Plus checks with CheckLock™ fraud protection features; envelopes, invoices and deposit slips; and business identity products such as business cards and stationery. We also offer tax forms, tax return presentation folders and other supplies for professional tax preparers.

**QuickBase.** Our QuickBase offering is a software as a service platform that allows users to select ready-made online workgroup applications or create custom solutions for their businesses. The most common solutions include project collaboration, sales team management, and employee management. QuickBase customers pay a monthly or annual subscription fee that varies based on the number of users and the amount of data and file storage they need.

**Intuit Partner Platform:** The Intuit Partner Platform provides the tools developers need to create Web and mobile applications that add value to QuickBooks. The platform allows developers to build applications that integrate with QuickBooks data and solve the unique needs of our customers. Developers can create applications on the Intuit Partner Platform using any development platform they choose, and must pass a standards and security check before offering their programs to customers. All applications are available through the Intuit App Center at apps.com. Here QuickBooks users can find, buy and use applications connected to the platform. A growing number of companies offer applications built for the platform, including Bill.com, eBay, and Salesforce.com.

## Employee Management Solutions

**QuickBooks Payroll.** QuickBooks Payroll is a family of products sold on a subscription basis to small businesses that use QuickBooks and prepare their own payroll or want some assistance with preparing their payroll. It is also sold to accountants who use QuickBooks and help their clients manage their payrolls. The product family includes:

- QuickBooks Basic Payroll, which provides payroll tax tables and payroll reports;
- QuickBooks Enhanced Payroll, which provides payroll tax tables, payroll reports, federal and state payroll tax forms, and eFile & Pay for federal and state payroll taxes;
- QuickBooks Enhanced Payroll for Accountants, which has several accountant-specific features in addition to the features in QuickBooks Enhanced Payroll; and
- QuickBooks Online Payroll, for use with QuickBooks Online.

We also offer QuickBooks Assisted Payroll, through which we provide the back-end aspects of payroll processing, including tax payments and filings, for customers who process their payrolls using QuickBooks. Direct deposit is included with QuickBooks Online Payroll and available with each of the other offerings for an additional fee.

## Edgar Filing: INTUIT INC - Form 10-K

Intuit Online Payroll. Intuit Online Payroll provides small business payroll services that do not require the use of QuickBooks. This offering is sold on a subscription basis and includes online payroll tax calculation, payroll reports, federal and state payroll tax forms, electronic payment of federal and state payroll taxes, and direct deposit of paychecks. We also offer an Intuit Online Payroll mobile app for smartphones.

Intuit Full Service Payroll. This offering is also sold on a subscription basis and provides comprehensive payroll services to customers who prefer not to perform payroll tasks themselves. Intuit Full Service Payroll does not require the use of QuickBooks and includes processing of payrolls based on information submitted online by the payroll customer, direct deposit

## Tables of Contents

of paychecks, electronic payment of federal and state payroll taxes, electronic filing of federal and state payroll tax forms, and preparation and issuance of year end W-2 forms.

Other Employee Management Solutions. We offer Snap Payroll, a free app that allows small businesses to calculate payroll taxes from an iPhone or iPad. ViewMyPaycheck is a Web app that allows employees of QuickBooks Payroll employers to view and print their paychecks and W-2 forms, and Paycheck Records is a Web app that allows employees of Intuit Online Payroll employers to view and print their paychecks. We also offer workers' compensation administration to small business employers for additional fees.

## Payment Solutions

Merchant Services. We offer a full range of merchant services to small businesses that include credit card, debit card, electronic benefits, and gift card processing services; check verification, check guarantee, and electronic check conversion, including automated clearing house (ACH) and Check 21 capabilities; and Web-based transaction processing services for online merchants. In addition to transaction processing services, we provide a full range of support for our clients that includes customer service, merchant and consumer collections, chargeback and retrieval support, and fraud and loss prevention screening.

GoPayment. GoPayment allows users to accept credit card payments using a smartphone or tablet device. They can enter the credit card information manually or use a card swiper that attaches to the phone to capture the information. They can also send electronic receipts to their customers via e-mail or text message.

Point of Sale Solutions. We offer Basic and Pro versions of QuickBooks Point of Sale, which helps retailers process sales using barcodes, track inventory and customer purchases, and integrates with QuickBooks financial software. The Pro version has advanced inventory features and provides the ability to manage up to 20 stores from a single office. We sell these software products with or without the accompanying hardware and technical support.

Intuit Payment Network. As members of the Intuit Payment Network, small businesses can send secure online payments to their vendors and receive them from their customers, from bank account to bank account, eliminating the need for paper checks.

## Consumer Tax

Our TurboTax products and services are designed to enable individuals and small business owners to prepare and file their own federal and state personal and small business income tax returns quickly and accurately. They are designed to be easy to use, yet sophisticated enough for complex tax returns. Some of these offerings are available on mobile devices such as smartphones and tablets.

Tax Return Preparation Offerings. For the 2011 tax season we offered a range of software products and services that included desktop and online versions of TurboTax Basic, for simple returns; TurboTax Deluxe, for taxpayers who itemize deductions; TurboTax Premier, for taxpayers who own investments or rental property; and TurboTax Home and Business, for small business owners. We also offered TurboTax Business desktop software for larger businesses; TurboTax Free Edition online for the simplest returns; TurboTax for the Tablet; and SnapTax, an application that allows users with simple federal and state returns to prepare and electronically file them from their smartphones. We also offered free live tax advice from U.S.-based tax professionals to TurboTax customers during the 2011 tax season. All of these offerings are subject to change for the 2012 tax season. TurboTax Live Community is an online forum where participants can learn from and share information with other users while preparing their income tax returns.

Electronic Filing and Other Services. Our desktop, online and mobile tax preparation customers can electronically file their federal and state income tax returns through our electronic filing center. For the 2011 tax season our online tax preparation and filing services were offered through the websites of thousands of financial institutions, electronic retailers, and other online merchants, and on Yahoo!® Finance Tax Center, MSN Money® Tax Center, and AOL Tax Center. Financial institutions can offer our online tax preparation and filing services to their customers through a link to TurboTax Online or through TurboTax for Online Banking, which provides functionality that is integrated with their online banking services. For the 2011 tax season we also offered TurboTax customers the option to receive their income tax refunds on a prepaid debit card.

Intuit Tax Freedom Project. Under the Intuit Tax Freedom Project, we provide online federal and state income tax return preparation and electronic filing services at no charge to eligible taxpayers. For the 2011 tax season we provided approximately 1.2 million free federal returns under this initiative. We are a member of the Free File Alliance, a consortium of private sector

## Tables of Contents

companies that has entered into an agreement with the federal government to provide free online federal tax preparation and filing services to eligible taxpayers. See also “Competition — Consumer Tax” later in this Item 1 for more information on the Free File Alliance.

### Accounting Professionals

Our Accounting Professionals segment provides software and services for accountants and tax preparers in public practice. These include offerings that help professional accountants and tax preparers provide accounting, payroll, tax planning and tax compliance services to their individual and business clients, and that help them manage their own practices more effectively.

**Tax Offerings.** Our tax offerings for accounting professionals are Lacerte, ProSeries, and Intuit Tax Online. Lacerte software is designed for full-service accounting firms that prepare the most complex returns. We offer two versions of our ProSeries software: ProSeries Professional Edition, designed for year-round tax practices that prepare moderately complex tax returns; and ProSeries Basic Edition, designed for the needs of smaller and seasonal tax practices. Intuit Tax Online is designed for year-round tax practices that prepare moderately complex tax returns and want the advantages of an online offering. Accounting professionals license these tax products for a flat fee for unlimited use, or use them to print or electronically file tax returns on a “pay-per-return” basis. Accountants and tax preparers using Lacerte, ProSeries, and Intuit Tax Online can file their clients’ tax returns using our electronic filing services.

**Accounting Offerings.** Our accounting offering for professionals, QuickBooks Premier Accountant Edition, provides the tools and file-sharing capabilities needed to efficiently complete bookkeeping, trial balance, write-up, and financial reporting tasks. Our QuickBooks ProAdvisor Program is a subscription-based membership that provides QuickBooks and QuickBooks Payroll software for professional accountants, technical support, training, product certification, access to marketing tools and discounts on products purchased on behalf of clients.

### Financial Services

Our Intuit Financial Services business provides digital (online and mobile) banking solutions that are hosted in our data centers and delivered as software as a service to financial institutions. We also work with these financial institutions to provide other Intuit products and services, such as TurboTax for Online Banking, to their customers.

We offer digital banking services that financial institutions make available to their customers. These services include the ability to view transaction history, account balances, check images and statements; fund transfers between accounts; inter-institutional transfers; bill payment and bill presentment; financial management, alerts, remote deposit capture, and small business solutions; and TurboTax for Online Banking, which provides tax preparation and filing services that are integrated with online banking. Many of these services can be accessed from mobile devices.

### Other Businesses

#### Personal Finance

Our personal finance offerings help users organize, understand and manage their personal finances. Our Quicken line of desktop software products allow customers to reconcile bank accounts, pay bills, record credit card and other transactions, and track investments, mortgages and other assets and liabilities. Quicken also allows customers to flag their tax-related financial transactions and download that information into our TurboTax consumer tax return preparation software. We offer Quicken Starter Edition and Quicken Deluxe as well as Quicken Premier, which offers more robust investment and tax planning tools; Quicken Home and Business, which allows customers to manage both personal and small business finances in one application; and Quicken Essentials for Mac.

Our Mint personal finance service is free to users and shows them all of their financial accounts in one online location; provides tools that help them set up budgets and monitor spending; identifies money-saving ideas; and provides step-by-step guidance and advice on achieving their financial goals. We also offer a Mint application that is accessible from smartphones.

#### Intuit Health

Our Intuit Health offerings provide online patient-to-provider communication solutions. Services are delivered through a standard Web browser on a subscription basis and typically include features such as appointment scheduling, patient pre-registration, prescription renewal and electronic bill payment.



## Tables of Contents

### Global Business

In Canada, we offer versions of QuickBooks that we have “localized,” that is, customized to meet the unique needs of customers in that specific international location. These include QuickBooks software offerings, payroll offerings, and service plans. We also offer consumer tax return preparation software, professional tax preparation products and services, merchant payment processing services, and localized versions of Quicken and Mint in Canada. In the United Kingdom, we offer localized versions of QuickBooks and QuickBooks Payroll, including products and services sold in partnership with banks. In Singapore, we offer a localized version of Quickbooks Online in partnership with a large telecommunications provider.

### PRODUCT DEVELOPMENT

Since the markets for software and related services are characterized by rapid technological change, shifting customer needs and frequent new product introductions and enhancements, a continuous high level of investment is required to innovate and quickly develop new products and services as well as enhance existing offerings. Our product development efforts are becoming more important than ever as we pursue our connected services strategy, which reflects a world where people and businesses are increasingly connected by technology and expect access to services at any time in any place.

We develop many of our products and services internally. We have a number of United States and foreign patents and pending applications that relate to various aspects of our products and technology. We supplement our internal development efforts by acquiring or licensing products and technology from third parties, and establishing other relationships that enable us to enhance or expand our offerings more rapidly. We expect to expand our third party technology relationships as we continue to pursue our connected services strategy.

Our traditional core desktop software products — QuickBooks, TurboTax, Lacerte, ProSeries, and Quicken — tend to have predictable annual development and product release cycles. We also develop innovative new offerings such as GoPayment, Snap Payroll, SnapTax, Mint Mobile, our mobile banking apps, and other mobile applications for which development cycles can be more rapid. Developing consumer and professional tax software and services presents unique challenges because of the demanding development cycle required to accurately incorporate tax law and tax form changes within a rigid timetable. The development timing for our payroll, merchant services, financial institutions, and patient-to-provider communication offerings varies with business needs and regulatory requirements and the length of the development cycle depends on the scope and complexity of each project.

In our Financial Services business, we have developed interfaces with the systems of many of the major providers of core processing software and services to financial institutions. These system interfaces leverage a common platform, allowing us to access a financial institution’s host system to provide end users access to their account data. We are enhancing many of our existing interfaces, including mobile and tablet access, in order to deliver more robust connectivity and increase operating efficiencies. We also continue to develop new functionality such as single destination page and extending payments capabilities for financial institutions and their end users.

We continue to make substantial investments in research and development, and we expect to focus our future research and development efforts on enhancing existing products and services and on developing new products and services, including new mobile and global offerings. We also expect to continue to focus significant research and development efforts on ongoing projects to update the technology platforms for several of our offerings. Our research and development expenses were \$669 million or 16% of total net revenue in fiscal 2012; \$620 million or 16% of total net revenue in fiscal 2011; and \$564 million or 17% of total net revenue in fiscal 2010.

## SEASONALITY

Our QuickBooks, Consumer Tax and Accounting Professionals businesses are highly seasonal. Revenue from our QuickBooks software products tends to be highest during our second and third fiscal quarters. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. In our Consumer Tax business, a greater proportion of our revenue has been occurring later in this seasonal period due in part to the growth in sales of TurboTax Online, for which revenue is recognized upon printing or electronic filing of a tax return. The seasonality of our Consumer Tax and Accounting Professionals revenue is also affected by the timing of the availability of tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions. Delays in the availability of tax forms or the ability of taxing agencies to receive submissions can cause revenue to shift between our fiscal quarters. These seasonal patterns mean

## Tables of Contents

that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while core operating expenses such as research and development continue at relatively consistent levels. We believe the seasonality of our revenue and profitability is likely to continue in the future.

## MARKETING, SALES AND DISTRIBUTION CHANNELS

### Markets

Our primary target customers are small businesses, consumers, accounting professionals, and financial institutions. The markets in which we compete have always been characterized by rapid technological change, shifting customer needs, and frequent new product introductions and enhancements by competitors. Over the past several years, the widespread availability of the Internet, mobile devices, and the explosion of social media have accelerated the pace of change and revolutionized the way that customers learn about, evaluate, and purchase products and services.

Real-time, personalized online and mobile shopping experiences are rapidly becoming the standard. In addition, many customers now begin shopping in one channel and ultimately purchase in another. This creates a need for integrated, multi-channel, shop-and-buy experiences. Market and industry changes quickly make existing products and services obsolete. Our success depends on our ability to respond rapidly to these changes with new business models, updated competitive strategies, new or enhanced products and services, alternative distribution methods and other changes in the way we do business.

Our target customers for online and mobile banking services are medium-sized financial institutions seeking an outsourced solution that allows them to compete with the larger national banks in their market. We also provide online and mobile financial management solutions to financial institution customers of core processors.

### Marketing Programs

To sell our products and services to small businesses, consumers and accounting professionals, we use a variety of traditional and innovative marketing programs to generate software orders, stimulate demand, and generally maintain and increase customer awareness of our product portfolio. These programs include: Web marketing and targeted advertising, such as search engine optimization and purchasing key words from major search engine companies; placing and promoting our mobile applications in "app stores;" direct-response mail and e-mail campaigns; telephone solicitations; newspaper, magazine, billboard, radio and television advertising; social media campaigns; and coordinated promotional offers with major retailers. We also use workflow-integrated, in-product discovery in some of our software products to market other related products and services, including third-party products and services. In addition, we create marketing campaigns that attract new users through free promotional offerings that are designed to ultimately convert them to paying customers.

Our Financial Services business focuses its marketing efforts on identifying potential financial institution clients and marketing our online and mobile banking services to consumer end users in cooperation with our financial institution clients. We also work with these financial institutions to provide their customers with other Intuit products and services, such as TurboTax for Online Banking.

### Sales and Distribution Channels

Multi-Channel Shop-and-Buy Experiences. Our consumer and small business customers increasingly use the Internet and mobile devices, such as smartphones and tablets, to research products and services. Some customers buy and use

our products and services entirely online or through their mobile devices. Others purchase desktop products and services using the Internet. Still others make their final decision at a retail location. We coordinate our websites, promotions, and retail displays to support this integrated, multi-channel, shop-and-buy model.

**Direct Sales Channel.** We sell many of our products and services for small businesses, consumers, and accounting professionals directly through our websites and call centers. Telesales continues to be an effective channel for serving customers that want live help to select the products and services that are right for their needs.

Our Financial Services business sells its products and services to financial institutions using a direct sales model and, to a lesser but increasing extent, in cooperation with core processing partners. Our typical sales cycle is approximately nine to 18 months for new financial institutions, and four to six months for add-on sales to existing customers.

**Retail Channel.** We sell our QuickBooks, TurboTax, and Quicken desktop software as well as payroll services and merchant credit card payment processing services at retail locations across the United States. We sell these products and services directly

## Tables of Contents

and through distributors to office supply superstores, warehouse clubs, consumer electronics retailers, general mass merchandisers, online retailers and catalogs. In Canada and other international markets we also rely on distributors and other third parties who sell products into the retail channel. The retail channel provides broad customer reach through retailer-sponsored advertising and exposure to retail foot traffic. This channel also gives us the opportunity to communicate our products, services and messages through multiple touch points and allows us to serve our customers at relatively modest cost.

**App Stores.** We distribute many of our offerings for mobile devices through proprietary online stores that provide applications for specific devices. These include the Apple App Store, which provides apps for the Apple iPhone and iPad, and Google's Play Store, which provides apps for Android-compatible smartphones and tablets.

**Other Channels.** We have strategies to address the alliance partner, solution provider, and personal computer hardware manufacturer channels. Revenue from these channels is currently less significant than revenue from our direct and retail channels, but it is growing. We sell our consumer and small business products and services through selected alliance partners, primarily banks, credit unions, and securities and investment firms. These alliance partners help us reach new customers at the point of transaction and drive growth and market share by extending our online reach. Solution providers combine our products and services with value-added marketing, sales, and technical expertise to deliver a complete solution at the local level. Relationships with selected personal computer hardware manufacturers help us attract new customers for our core software offerings. As we expand our mobile and global offerings, we expect that strategic partnerships will become increasingly important to our business. For example, we are marketing and selling some of our offerings through mobile phone service and hardware providers.

Our Financial Services business has joint marketing arrangements with several core processing vendors. They include Fiserv, Inc.; Open Solutions, Inc.; Fidelity Information Services, Inc.; and Computer Services Inc. To deliver bill payment and bill presentment services to our financial institution customers, we also maintain value-added reseller relationships with major providers such as Fidelity Information Services and Fiserv.

## COMPETITION

### Overview

We face intense competition in all of our businesses, both domestically and internationally. Competitive interest and expertise in many of the markets we serve, particularly small business, consumer tax, and online and mobile banking, have grown markedly over the past few years and we expect this trend to continue. Some of our existing competitors have significantly greater financial, technical, and marketing resources than we do. In addition, the competitive landscape can shift rapidly as new companies enter markets in which we compete. This is particularly true for online and mobile products and services, where the barriers to entry are lower than they are for desktop software products and services. To attract customers, many online and mobile competitors are offering free or low-priced entry-level products which we must take into account in our pricing strategies.

Our most obvious competition comes from other companies that offer technology solutions similar to ours. However, for many of our products and services, other important competitive alternatives for customers are third party service providers such as professional accountants and seasonal assisted tax preparation businesses. Manual tools and processes, or general-purpose software, are also important competitive alternatives. Many of our new customers previously used pencil and paper or software such as word processors and spreadsheets, rather than competitors' software and services, to perform financial tasks. We believe that there is a long-term trend away from manual methods and toward the use of digital methods such as desktop and online software and mobile devices to accomplish these tasks that will continue to provide growth opportunities.

### Competition Specific to Business Segments

Small Business Group. Our QuickBooks desktop product is the leading small business financial management software in the U.S. retail channel. Our small business products and services face competitive challenges from companies such as The Sage Group plc, which offers software and associated services that directly target small business customers. Increasingly, our small business products and services also face competition from free or low-cost online accounting offerings as well as free online banking and bill payment services offered by financial institutions and others. In our payroll business we compete directly with Automatic Data Processing, Inc. (ADP), Paychex and many other companies with payroll offerings, including online payroll offerings. In our merchant services business we compete directly with large financial institutions such as Wells Fargo, JP Morgan Chase, and Bank of America and with many payment processors, including First Data Corporation, Elavon, Global Payments, and FIS-Certegy.

## Tables of Contents

Consumer Tax. Our future growth depends on our ability to attract new customers to the self-preparation tax category from tax stores and other seasonal assisted tax preparers. In the private sector we face intense competition from H&R Block, which provides assisted tax preparation services in its stores and a competing software offering called H&R Block At Home. We also face competition from several other large assisted tax preparation service providers, from a myriad of small seasonal tax preparers, and from numerous online self-preparation offerings, including 2nd Story Software's TaxACT. These competing offerings subject us to significant price pressure.

We also face competitive challenges in our Consumer Tax business from publicly funded government entities that offer electronic tax preparation and filing services at no cost to individual taxpayers. We are a member of the Free File Alliance, a consortium of private sector companies that has entered into an agreement with the federal government. Under this agreement, the member companies provide online federal tax preparation and filing services at no cost to eligible federal taxpayers, and the federal government has agreed not to provide a competing service. Approximately 20 states have also adopted Free File Alliance public-private agreements while approximately 20 other states offer some form of direct government tax preparation and filing services free to qualified taxpayers. We continue to actively work with others in the private and public sectors to advance the goals of the Free File Alliance policy initiative and to support successful public-private partnerships. However, future administrative, regulatory or legislative activity in this area could harm our Consumer Tax business.

Accounting Professionals. Our Lacerte professional tax offerings face competition from competitively-priced tax and accounting solutions that include integration with non-tax functionality. These include CCH's ProSystems fx Office Suite and Thomson Reuters' CS Professional Suite and GoSystems Tax. Our ProSeries professional tax offerings face competition from CCH's ATX and TaxWise offerings. We also face growing competition from online tax and accounting offerings, which may be marketed more effectively or have lower pricing than our offerings for accounting professionals.

Financial Services. The market for digital (online and mobile) banking services is highly competitive. In the area of consumer online banking, a number of companies offer online banking services to financial institutions, including Online Resources, ACI Worldwide, Inc., Q2eBanking, FundsXpress (a subsidiary of First Data Corporation), and Yodlee, Inc. In addition, several companies whose primary offerings are core processing or bill payment processing services also provide online banking services. These companies include Fiserv, Inc., Open Solutions, Inc., Fidelity Information Services, Inc., and Jack Henry and Associates, Inc. In addition, many of these firms offer our products through a referral or reseller arrangement with us. We also compete for new customers with relatively recent entrants into the online financial management solutions market. As we negotiate service contract renewals with current customers, competitive pressures may require us to make concessions on pricing and other material terms as part of the negotiation.

## Competitive Factors

We believe the most important competitive factors for our core offerings — QuickBooks, TurboTax, Lacerte, ProSeries and Quicken — are ease of use, product features, size of the installed customer base, brand name recognition, value proposition, cost, reliability, and product and support quality. Access to distribution channels is also important for our QuickBooks, TurboTax and Quicken software products. In addition, support from accounting professionals and the ability for customers to upgrade within product families as their businesses grow are significant competitive factors for our QuickBooks products. Productivity is an important competitive factor for the full-service accounting firms to which we market our Lacerte software products. We believe we compete effectively on these factors as our QuickBooks, TurboTax, and Quicken products are the leading products in the U.S. retail sales channel for their respective categories.

For our service offerings such as small business payroll, merchant payment processing, outsourced online and mobile banking, and patient-to-provider communication solutions, features and ease of use, the integration of these products with related software, brand name recognition, effective distribution, quality of support, cost, and scalability of operations are important competitive factors.

#### CUSTOMER SERVICE AND TECHNICAL SUPPORT

We provide customer service and technical support by telephone, e-mail, online chat, text messaging, online communities, and our customer service and technical support websites. We have full-time and outsourced customer service and technical support staffs. We supplement these staffs with seasonal employees and additional outsourcing during periods of peak call volumes, such as during the tax return filing season or following a major product launch. We outsource to several firms domestically and internationally. Most of our internationally outsourced consumer and small business customer service and technical support personnel are currently located in India and the Philippines.



## Tables of Contents

We offer free self-help information through our technical support websites for our QuickBooks, TurboTax, Accounting Professionals, and Quicken software products. Customers can use our websites to find answers to commonly asked questions and check on the status of orders. Under certain support plans, customers can also use our websites to receive product updates electronically. Support alternatives and fees vary by product. We also sponsor online user communities such as Intuit Community for small businesses and accounting professionals, and TurboTax Live Community, where consumers can share knowledge and product advice with each other. Beginning with the 2011 tax season we began offering Free Tax Advice from U.S.-based tax professionals to TurboTax users.

## MANUFACTURING AND DISTRIBUTION

### Desktop Software and Supplies

The key processes in manufacturing desktop software are manufacturing compact discs (CDs), printing boxes and related materials, and assembling and shipping the final products.

For retail manufacturing, we have an agreement with Arvato Digital Services, Inc. (ADiS), a division of Bertelsmann AG, under which ADiS provides a majority of the manufacturing volume for our launches of QuickBooks, TurboTax and Quicken, as well as for day-to-day replenishment after product launches. ADiS has operations in multiple locations that can provide redundancy if necessary. We also have an agreement with JVC America Inc. under which JVC provides secondary outsourced manufacturing volume for these launches and for day-to-day replenishment.

For retail distribution, we have an agreement with ADiS under which ADiS handles all logistics services. Our retail product launches are operationally complex. Our model for product delivery for retail launches and replenishment is a hybrid of direct to store deliveries and shipments to central warehouse locations. This allows improved inventory management by our retailers. We also ship products for many of our smaller retail customers through distributors.

ADiS also provides most of the manufacturing volume and distribution services for our direct desktop software orders. We have an exclusive agreement with Harland Clarke, a division of M&F Worldwide Corporation, to fulfill orders for all of our printed checks and most other products for our financial supplies business.

We have multiple sources for all of our raw materials and availability has historically not been a significant problem for us.

Prior to major product releases for our core desktop software products we tend to have significant levels of backlog, but at other times backlog is minimal and we typically ship products within a few days of receiving an order. Because of this fluctuation in backlog, we believe that backlog is not a reliable predictor of our future core desktop software sales.

### Online Products and Services

Intuit's data centers house most of the systems, networks and databases required to operate and deliver our online products and services. These include QuickBooks Online, online payroll services, merchant payment processing services, online customer marketing and communication services for small businesses, TurboTax Online, Intuit Tax Online, consumer and professional electronic tax filing services, outsourced online and mobile banking services, and Mint. Through our data centers, we connect customers to our products and services and store customer and business information. As our businesses continue to move toward delivering more online and mobile products and services in conjunction with our connected services strategy, we expect that our infrastructure will become even more critical to

our business in the future.

Our primary data center is located at a facility we own in Washington state and we have a primary backup facility at a co-located data center in Nevada. We also have a number of other data centers that are primarily located in the western United States. We continue to execute on a multi-year plan to transition to fewer data centers in more geographically diverse locations.

#### PRIVACY AND SECURITY OF CUSTOMER INFORMATION AND TRANSACTIONS

We are subject to various federal, state and international laws and regulations and to financial institution requirements relating to the privacy and security of customer and employee personal information. We are also subject to laws and regulations that apply to the Internet, behavioral tracking, mobile applications, telemarketing, e-mail activities, data hosting and retention, financial and health information, and credit reporting. Additional laws in all of these areas are likely to be passed in the future, which could result in significant limitations on or changes to the ways in which we can collect, use, host, store or transmit the

## Tables of Contents

personal information and data of our customers or employees, communicate with our customers, and deliver products and services, or may significantly increase our compliance costs. As our business expands to new industry segments and new uses of data that are regulated for privacy and security, or to countries outside the United States that have strict data protections laws, our compliance requirements and costs will increase.

Through a Master Privacy Policy Framework designed to be consistent with globally recognized privacy principles, we comply with United States federal and other country guidelines and practices to help ensure that customers and employees are aware of, and can control, how we use information about them. Our primary websites, such as QuickBooks.com and TurboTax.com, have been certified by TRUSTe, an independent organization that operates a website privacy certification program representing industry standard practices to address users' and regulators' concerns about online privacy. We also use privacy statements to provide notice to customers of our privacy practices, as well as provide them the opportunity to furnish instructions with respect to use of their personal information. We participate in industry groups whose purpose is to develop or influence industry best practices, and to influence public policy for privacy and security.

To address security concerns, we use security safeguards to help protect the systems and the information customers give to us from loss, misuse and unauthorized alteration. Whenever customers transmit sensitive information, such as a credit card number or tax return data, to us through one of our websites we use industry standards to encrypt the data as it is transmitted to us. We work to protect our systems from unauthorized internal or external access using numerous commercially available computer security products as well as internally developed security procedures and practices.

## GOVERNMENT REGULATION

The financial services industry is subject to extensive and complex federal and state regulation. Our financial institution customers, which include commercial banks and credit unions, operate in markets that are subject to rigorous regulatory oversight and supervision. The compliance of our products and services with these requirements depends on a variety of factors including the particular functionality, the interactive design and the charter or license of the financial institution. Our financial services customers must independently assess and determine what is required of them under these regulations and are responsible for ensuring that our systems and the design of their websites conform to their regulatory obligations.

Our Intuit Financial Services business is not directly subject to federal or state regulations specifically applicable to financial institutions such as banks and credit unions. However, as a provider of services to financial institutions, this business is examined by the Federal Financial Institution Examination Council under the Information Technology examination guidelines. Although we believe we are not subject to direct supervision by federal and state banking agencies with regard to other regulations, we have from time to time agreed to examinations of our business and operations by these agencies.

Our Consumer Tax and Accounting Professionals businesses are also subject to federal and state government requirements, including regulations related to the electronic filing of tax returns, the provision of tax preparer assistance and the use and disclosure of customer information. In addition, we offer certain other products and services, such as small business payroll, merchant payment processing services, prepaid debit cards, and patient-to-provider communication solutions, which are subject to special regulatory requirements. As we expand our products and services, we may become subject to additional government regulation. New laws or regulations may be adopted that could impose significant limitations on our business and increase our cost of compliance. We continually analyze new business opportunities, both domestically and internationally, and new businesses and business models that we pursue may require additional costs for regulatory compliance.

We are subject to federal and state laws and government regulations concerning employee safety and health and environmental matters. The Occupational Safety and Health Administration, the Environmental Protection Agency, and other federal and state agencies have the authority to put regulations in place that may have an impact on our operations.

#### INTELLECTUAL PROPERTY

Our success depends on the proprietary technology embodied in our offerings. We protect this proprietary technology by relying on a variety of intellectual property mechanisms, including copyright, patent, trade secret and trademark laws, restrictions on disclosure and other methods. For example, we regularly file applications for patents, copyrights and trademarks and service marks in order to protect intellectual property that we believe is important to our business. We hold a small but growing patent portfolio that we believe is important to Intuit's overall competitive advantage, although we are not materially dependent on any one patent or particular group of patents in our portfolio at this time. We also have a number of registered trademarks that include Intuit, QuickBooks, TurboTax, Lacerte, ProSeries, Quicken, and Mint. We have registered these and

Tables of Contents

other trademarks and service marks in the United States and, depending on the relevance of each brand to other markets, in many foreign countries. Most registrations can be renewed perpetually at 10-year intervals. We also license intellectual property from third parties for use in our products.

Although our portfolio of patents is growing, the patents that have been issued to us could be determined to be invalid and may not be enforceable against competitive products in every jurisdiction. In addition, third parties have asserted and may, in the future, assert infringement claims against us and our customers. These claims and any litigation may result in invalidation of our proprietary rights or a finding of infringement along with an assessment of damages. Litigation, even if without merit, could result in substantial costs and diversion of resources and management attention. In addition, third party licenses may not continue to be available to us on commercially acceptable terms, or at all.

EMPLOYEES

As of July 31, 2012, we had approximately 8,500 employees in major offices in the United States, Canada, India, the United Kingdom and other locations. We believe our future success and growth will depend on our ability to attract and retain qualified employees in all areas of our business. We do not currently have any collective bargaining agreements with our employees, and we believe employee relations are generally good. Although we have employment-related agreements with a number of key employees, these agreements do not guarantee continued service. We believe we offer competitive compensation and a good working environment. We were named one of Fortune magazine's "100 Best Companies to Work For" in each of the last eleven years. However, we face intense competition for qualified employees, and we expect to face continuing challenges in recruiting and retention.

Tables of Contents

ITEM 1A  
RISK FACTORS

Forward-Looking Statements and Risk Factors

This Annual Report on Form 10-K contains forward-looking statements. All statements in this report, other than statements that are purely historical, are forward-looking statements. Words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “forecast,” “estimate,” “seek,” and similar expressions also identify forward-looking statements. In this report, forward-looking statements include, without limitation, the following:

- our expectations and beliefs regarding future conduct and growth of the business;
- our expectations regarding competition and our ability to compete effectively;
- our expectations regarding the development of future products, services, business models and technology platforms and our research and development efforts;
- our expectation that we will continue to pay a comparable cash dividend on a quarterly basis;
- our expectation that we will return excess cash generated by operations to our stockholders through repurchases of our common stock and the payment of cash dividends;
- the assumptions underlying our critical accounting policies and estimates, including our estimates regarding product rebate and return reserves; the collectability of accounts receivable; stock volatility and other assumptions used to estimate the fair value of share-based compensation; the fair value of goodwill; and expected future amortization of acquired intangible assets;
- our belief that the investments we hold are not other-than-temporarily impaired;
- our belief that our exposure to currency exchange fluctuation risk will not be significant in the future;
- our assessments and estimates that determine our effective tax rate;
- our belief that our income tax valuation allowance is sufficient;
- our belief that we will not need funds generated from foreign operations to fund our domestic operations;
- our belief that our cash and cash equivalents, investments and cash generated from operations will be sufficient to meet our seasonal working capital needs, capital expenditure requirements, contractual obligations, debt service requirements and other liquidity requirements associated with our operations for at least the next 12 months;
- our belief that our facilities are suitable and adequate for our near-term needs and that we will be able to locate additional facilities as needed; and
- our assessments and beliefs regarding the future outcome of pending legal proceedings and the liability, if any, that Intuit may incur as a result of those proceedings.

We caution investors that forward-looking statements are only predictions based on our current expectations about future events and are not guarantees of future performance. We encourage you to read carefully all information provided in this report and in our other filings with the SEC before deciding to invest in our stock or to maintain or change your investment. These forward-looking statements are based on information as of the filing date of this Annual Report, and we undertake no obligation to revise or update any forward-looking statement for any reason.

Because forward-looking statements involve risks and uncertainties, there are important factors that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include the following:

We face intense competitive pressures that may harm our operating results.

We face intense competition in all of our businesses, and we expect competition to remain intense in the future. Our competitors and potential competitors range from large and established entities to emerging start-ups. Our competitors may introduce superior products and services, reduce prices, have greater technical, marketing and other resources,

have greater name recognition, have larger installed bases of customers, have well-established relationships with our current and potential customers, advertise aggressively or beat us to market with new products and services. In addition, we may face competition from existing companies, with large established consumer user-bases and broad-based platforms, who may change or expand the focus of their business strategies and target our customers, such as small businesses and financial institutions. We also face

## Tables of Contents

intensified competition from providers of free accounting, tax, payments, banking and other financial services. In order to compete, we have also introduced free offerings in several categories, but we may not be able to attract customers or effectively monetize all of these offerings, and customers who have formerly paid for Intuit's products and services may elect to use free offerings instead. These competitive factors may diminish our revenue and profitability, and harm our ability to acquire and retain customers.

Our consumer tax business also faces significant competition from the public sector, where we face the risk of federal and state taxing authorities developing software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers. These or similar programs may be introduced or expanded in the future, which may cause us to lose customers and revenue. Although the Free File Alliance has kept the federal government from being a direct competitor to Intuit's tax offerings, it has fostered additional online competition and may cause us to lose significant revenue opportunities. The current agreement with the Free File Alliance is scheduled to expire in October 2014. We anticipate that governmental encroachment at both the federal and state levels may present a continued competitive threat to our business for the foreseeable future.

Future revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products, services and business models.

The software as a service, desktop software and mobile technology industries are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. As we continue to grow our software as a service, mobile and other offerings, we must continue to innovate and develop new products and features to meet changing customer needs and attract and retain talented software developers. We need to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, which require us to devote significant resources.

A number of our businesses also derive a significant amount of their revenue from one-time upfront license fees and rely on customer upgrades and service offerings to generate a significant portion of their revenues. In addition, our consumer and professional tax businesses depend significantly on revenue from customers who return each year to use our updated tax preparation and filing software and services. As our existing products mature, encouraging customers to purchase product upgrades becomes more challenging unless new product releases provide features and functionality that have meaningful incremental value. If we are not able to develop and clearly demonstrate the value of new or upgraded products or services to our customers, our revenues may be harmed. In addition, as we continue to introduce and expand our new business models, including offerings that are subscription-based or that are free to end users, we may be unsuccessful in monetizing or increasing customer adoption of these offerings.

The number of people who access products and services through devices other than personal computers, including mobile phones, smartphones, and handheld computers such as tablets, has increased dramatically in the past few years. We have limited experience to date in developing products and services for users of these alternative devices, and the versions of our products and services developed for these devices may not be compelling to users. Even if we are able to attract new users through these mobile offerings, the amount of revenue that we derive per user from mobile offerings may be less than the revenue that we have historically derived from users of personal computers. As new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these alternative devices and we may need to devote significant resources to the creation, support, and maintenance of such offerings. If we are slow to develop products and technologies that are compatible with these alternative devices, or if our competitors are able to achieve those results more quickly than us, we will fail to capture a significant share of an increasingly important portion of the market for online services, which could adversely affect our business.



In some cases, we may expend a significant amount of resources and management attention on offerings that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. We have also invested, and in the future expect to invest, in new business models, geographies, strategies and initiatives. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the initiatives and inadequate return on investments. Because these new initiatives are inherently risky, they may not be successful and may harm our financial condition and operating results.

Business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results.

As we continue to transition our business to more connected services, we become more dependent on the continuing operation and availability of our information technology and communication systems and those of our external service providers. We do not have redundancy for all of our systems, many of our critical applications reside in only one of our data centers, and our

## Tables of Contents

disaster recovery planning may not account for all eventualities. We also do not maintain real-time back-up of all our data, and in the event of significant system disruption we may experience loss of data or processing capabilities, which may cause us to lose customers and may materially harm our reputation and our operating results. In addition, we are in the process of updating our customer facing applications and the supporting information technology infrastructure to meet our customers' expectations for continuous service availability. Any difficulties in upgrading these applications or infrastructure or failure of our systems or those of our service providers may result in interruptions in our service, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Any prolonged interruptions at any time may result in lost customers, additional refunds of customer charges, negative publicity and increased operating costs, any of which may significantly harm our business, financial condition and results of operations.

We are in the process of migrating our applications and infrastructure to new data centers. If we do not execute the transition to the new data centers in an effective manner, we may experience unplanned service disruptions or unforeseen increases in costs which may harm our operating results and our business.

Our business operations, data centers, information technology and communications systems are vulnerable to damage or interruption from natural disasters, human error, malicious attacks, fire, power loss, telecommunications failures, computer viruses, computer denial of service attacks, terrorist attacks and other events beyond our control. The majority of our research and development activities, our corporate headquarters, our principal information technology systems, and other critical business operations are located near major seismic faults. We do not carry earthquake insurance for direct quake-related losses. Our future financial results may be materially harmed in the event of a major earthquake or other natural or man-made disaster.

We rely on internal systems and external systems maintained by manufacturers, distributors and other service providers to take and fulfill customer orders, handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems may prevent us or our service providers from accepting and fulfilling customer orders or cause company and customer data to be unintentionally disclosed. Our continuing efforts to upgrade and expand our network security and other information systems as well as our high-availability capabilities may be costly, and problems with the design or implementation of system enhancements may harm our business and our results of operations.

Our hosting, collection, use and retention of personal customer information and data create risk that may harm our business.

A number of our businesses collect, use and retain large amounts of personal customer information and data, including credit card numbers, tax return information, bank account numbers and passwords, personal and business financial data, social security numbers, healthcare information and payroll information. We may also develop new business models that use certain personal information, or data derived from personal information. In addition, we collect and maintain personal information of our employees in the ordinary course of our business. Some of this personal customer and employee information is held and some transactions are executed by third parties. In addition, as many of our products and services are Web-based and mobile application-based, the amount of data we store for our users on our servers and the servers of our vendors that provide hosting services (including personal information) has been increasing and will continue to increase as we further transition our businesses to connected services. We and our vendors use commercially available security technologies to protect transactions and personal information. We use security and business controls to limit access and use of personal information and require our vendors to implement similar controls. However, we may not have the ability to effectively monitor the implementation of the security measures of our vendors, and, in any event, individuals or third parties may be able to circumvent these security and business measures, and errors in the storage, use or transmission of personal information may result in a breach of customer or employee privacy or theft of assets, which may require notification under applicable data privacy

regulations. We employ contractors, temporary and seasonal employees who may have access to the personal information of customers and employees or who may execute transactions in the normal course of their duties. While we conduct background checks of our employees and other individuals and limit access to systems and data, it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach.

We are subject to laws, rules and regulations relating to the collection, use, and security of user data. New laws in this area have been passed by several jurisdictions, and other jurisdictions are considering imposing additional restrictions. These new laws may be interpreted and applied inconsistently from jurisdiction to jurisdiction and our current data protection policies and practices may not be consistent with those interpretations and applications. In addition, the ability to execute transactions and the possession and use of personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require notification to customers or employees of a security breach, restrict our use of personal information and hinder our ability to acquire new customers or market to existing customers. As our business continues to expand to new industry segments that may be more highly regulated for privacy and data security, and to countries outside the United States that have more strict data protection laws, our compliance requirements and costs may increase. We have incurred — and may

## Tables of Contents

continue to incur — significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

A major breach of our security measures or those of third parties that provide hosting services for us, execute transactions or hold and manage personal information may have serious negative consequences for our businesses, including possible fines, penalties and damages, reduced customer demand for our services, harm to our reputation and brands, further regulation and oversight by federal or state agencies, and loss of our ability to provide financial transaction services or accept and process customer credit card orders or tax returns. From time to time, we detect, or receive notices from customers or public or private agencies that they have detected, vulnerabilities in our servers, our software or third-party software components that are distributed with our products. The existence of vulnerabilities, even if they do not result in a security breach, may harm customer confidence and require substantial resources to address, and we may not be able to discover or remediate such security vulnerabilities before they are exploited. In addition, hackers develop and deploy viruses, worms and other malicious software programs that may attack our offerings. Although this is an industry-wide problem that affects software across platforms, it is increasingly affecting our offerings because hackers tend to focus their efforts on the more popular programs and offerings and we expect them to continue to do so. If hackers were able to circumvent our security measures, or if we were unable to detect an intrusion into our systems and contain such intrusion in a reasonable amount of time, we may lose personal information. Although we have commercially available network and application security, internal control measures, and physical security procedures to safeguard our systems, there can be no assurance that a security breach, intrusion, loss or theft of personal information will not occur, which may harm our business, customer reputation and future financial results and may require us to expend significant resources to address these problems, including notification under data privacy regulations.

If we are unable to develop, manage and maintain critical third party business relationships, our business may be adversely affected.

Our growth is dependent on the strength of our business relationships and our ability to continue to develop, maintain and leverage new and existing relationships. We rely on various third party partners, including software and service providers, suppliers, vendors, manufacturers, distributors, contractors, financial institutions, core processors, licensing partners and development partners, among others, in many areas of our business in order to deliver our offerings and operate our business. We also rely on third parties to support the operation of our business by maintaining our physical facilities, equipment, power systems and infrastructure. In certain instances, these third party relationships are sole source or limited source relationships and can be difficult to replace or substitute depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third party providers or vendors in the market. Further, there can be no assurance that we will be able to adequately retain third party contractors engaged to help us operate our business. The failure of third parties to provide acceptable and high quality products, services and technologies or to update their products, services and technologies may result in a disruption to our business operations and our customers, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner.

In particular, we have relationships with banks, credit unions or other financial institutions, both as customers and as suppliers of certain critical services we offer to our other customers. If macroeconomic conditions or other factors cause any of these institutions to fail, consolidate, stop providing certain services or institute cost-cutting efforts, our business and financial results may suffer and we may be unable to offer those services to our customers.

We have also started to increasingly utilize the distribution platforms of third parties like Apple's App Store and Google's Play Store for the distribution of certain of our product offerings. Although we benefit from the strong brand

recognition and large user base of these distribution platforms to attract new customers, the platform owners have wide discretion to change the pricing structure, terms of service and other policies with respect to us and other developers. Any adverse changes by these third parties could adversely affect our financial results.

Increased government regulation of our businesses may harm our operating results.

Many of our businesses are in highly regulated areas, including our tax, payroll, payments, financial services, prepaid debit card and healthcare businesses. There have been significant new regulations and heightened focus by the government on many of these areas. In addition, as we seek to grow our business, we may expand into more highly-regulated businesses or countries, which may subject us to increased regulatory scrutiny. The application of these laws and regulations to our businesses is often unclear and compliance with these regulations may involve significant costs or require changes to our business practices that result in reduced revenue. In addition, new regulations or changes in current regulations may affect our operating results. Any

Tables of Contents

changes that we may incur as a result of any such regulations may not be sustained over time depending on a number of factors, including market and industry reactions to such regulations.

In order to meet regulatory standards, we may be required to increase investment in compliance and auditing functions or new technologies. In addition, government authorities may enact other laws, rules or regulations that place new burdens or restrictions on our business or determine that our operations are directly subject to existing rules or regulations, such as requirements related to data collection, use, transmission, retention, processing and security, which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may harm our future financial results.

The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations, litigation by the government or private entities, or new interpretations of existing laws may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our tax businesses or offer our tax products and services. This in turn may increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, we may become subject to lawsuits, penalties, and other liabilities that did not previously apply. We are also required to comply with a variety of state revenue agency standards in order to successfully operate our tax preparation and electronic filing services. Changes in state-imposed requirements by one or more of the states, including the required use of specific technologies or technology standards, may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner.

Our Financial Services business provides services to banks, credit unions and other financial institutions that are subject to extensive and complex federal and state regulation. As a result, our financial institution customers require that our products and services comply with the regulations applicable to these customers. If we are unable to comply with these regulations, we may incur significant costs and penalties, face litigation or governmental proceedings, and lose our ability to sell to these customers. Any of these adverse events may harm our future financial results and our reputation.

If we fail to process transactions effectively or fail to adequately protect against disputed or potential fraudulent activities, our revenue and earnings may be harmed.

Our operations process a significant volume and dollar value of transactions on a daily basis, especially in our payroll and payments businesses. Due to the size and volume of transactions that we handle, effective processing systems and controls are essential to ensure that transactions are handled appropriately. Despite our efforts, it is possible that we may make errors or that funds may be misappropriated due to fraud. The systems supporting our business are comprised of multiple technology platforms that are difficult to scale. If we are unable to effectively manage our systems and processes we may be unable to process customer data in an accurate, reliable and timely manner, which may harm our business. In our payments processing service business if merchants for whom we process payment transactions are unable to pay refunds due to their customers in connection with disputed or fraudulent merchant transactions, we may be required to pay those amounts and our payments may exceed the amount of the customer reserves we have established to make such payments.

The online tax preparation, payroll administration and online payments industries have been experiencing an increasing amount of fraudulent activities by third parties. Although we do not believe that any of this activity is uniquely targeted at our business, this type of fraudulent activity may adversely impact our own operations in our consumer tax, payroll, and payments businesses. In addition to any direct damages and potential fines that may result from such fraud, which may be substantial, a loss of confidence in our controls may seriously harm our business and

damage our brand. As fraud detection and prevention abilities improve across the various industries in which we operate, we may implement risk control mechanisms that could make it more difficult for legitimate customers to obtain and use our products as well as prevent the sale of our products to those parties seeking to facilitate fraudulent activity, which could result in lost revenue and negatively impact our operating results.

Third parties claiming that we infringe their proprietary rights may cause us to incur significant legal expenses and prevent us from selling our products.

As the number of products in the software industry increases and the functionality of these products further overlap, and as we acquire technology through acquisitions or licenses, we may become increasingly subject to infringement claims, including patent, copyright, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the patent rights of others. We have received an increasing number of allegations of patent infringement claims in the past and expect to receive more claims in the future based on allegations that our offerings infringe upon patents held by third parties.

## Tables of Contents

Some of these claims are the subject of pending litigation against us and against some of our customers. These claims may involve patent holding companies or other adverse patent owners who have no relevant product revenues of their own, and against whom our own patents may provide little or no deterrence. The ultimate outcome of any allegation is uncertain and, regardless of outcome, any such claim, with or without merit, may be time consuming to defend, result in costly litigation, divert management's time and attention from our business, require us to stop selling, delay shipping or redesign our products, or require us to pay monetary damages for royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims may harm our business.

We rely on third party intellectual property in our products and services.

Many of our products and services include intellectual property of third parties, which we license under agreements that must be renewed or renegotiated from time to time. We may not be able to obtain licenses to these third party technologies or content on reasonable terms, or at all. If we are unable to obtain the rights necessary to use this intellectual property in our products and services, we may not be able to sell the affected offerings and customers who are currently using the affected product may be disrupted, which may in turn harm our future financial results, damage our brand, and result in customer loss. Also, we and our customers have been and may continue to be subject to infringement claims as a result of the third party intellectual property incorporated in to our offerings. Although we try to mitigate this risk and we may not be ultimately liable for any potential infringement, pending claims require us to use significant resources, require management attention and could result in loss of customers.

Some of our offerings include third-party software that is licensed under so-called "open source" licenses, some of which may include a requirement that, under certain circumstances, we make available, or grant licenses to, any modifications or derivative works we create based upon the open source software. Although we have established internal review and approval processes to mitigate these risks, we may not be sure that all open source software is submitted for approval prior to use in our products. Many of the risks associated with usage of open source may not be eliminated, and may, if not properly addressed, harm our business.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our patents, trademarks, trade secrets, copyrights and other intellectual property rights are important assets for us. We aggressively protect our intellectual property rights by relying on federal, state and common law rights in the U.S. and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. The efforts that we take to protect our proprietary rights may not always be sufficient or effective. Protecting our intellectual property rights is costly and time consuming and may not be successful in every location. Any significant impairment of our intellectual property rights could harm our business, our brand and our ability to compete.

Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. Current U.S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. We frequently encounter unauthorized copies of our software being sold through online marketplaces. Although we continue to evaluate and put in place technology solutions to attempt to lessen the impact of piracy and engage in efforts to educate consumers and public policy leaders on these issues and cooperate with industry groups in their efforts to combat piracy, we expect piracy to be a persistent problem that results in lost revenues and increased expenses.

Because competition for our key employees is intense, we may not be able to attract, retain and develop the highly skilled employees we need to support our planned growth.



Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive team, and those in technical, marketing and staff positions. Experienced personnel in the software, mobile technologies, data security, and software as a service industries are in high demand and competition for their talents is intense, especially in California and India, where the majority of our employees are located. Also, as we strive to continue to adapt to technological change and introduce new and enhanced products and business models, we must be able to secure, maintain and develop the right quality and quantity of engaged and committed talent. Although we strive to be an employer of choice, we may not be able to continue to successfully attract, retain and develop key personnel which may cause our business to suffer.

## Tables of Contents

As our product and service offerings become more tightly integrated, we may be required to recognize the related revenue over relatively longer periods of time.

Our expanding range of products and services, and the combinations in which we offer them, generate different revenue streams than our traditional desktop software businesses, and the accounting policies that apply to revenue from these offerings are complex. For example, as we offer more online services bundled with software products, we may be required to defer a higher percentage of our software product revenue into future fiscal periods. In addition, as we offer more services on a subscription basis, we recognize revenue from those services over the periods in which the services are provided. This may result in significant shifts of revenue from quarter to quarter, or from one fiscal year to the next.

The nature of our products and services necessitates timely product launches and if we experience significant product quality problems or delays, it may harm our revenue, earnings and reputation.

All of our tax products and many of our non-tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Our tax preparation software product development cycle is particularly challenging due to the need to incorporate unpredictable tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products to prepare and file their taxes by the tax filing deadline. Due to the complexity of our products and the condensed development cycles under which we operate, our products sometimes contain “bugs” that may unexpectedly interfere with the operation of the software. The complexity of our products may also make it difficult for us to consistently deliver offerings that contain the features, functionality and level of accuracy that our customers expect. When we encounter problems we may be required to modify our code, distribute patches to customers who have already purchased the product and recall or repackage existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products late in our development cycle it may cause us to delay our product launch date. Any major defects or launch delays may lead to loss of customers and revenue, negative publicity, customer and employee dissatisfaction, reduced retailer shelf space and promotions, and increased operating expenses, such as inventory replacement costs, legal fees or payments resulting from our commitment to reimburse penalties and interest paid by customers due solely to calculation errors in our consumer tax preparation products.

Our businesses are highly seasonal and our quarterly results could fluctuate significantly.

Several of our businesses are highly seasonal which historically has caused significant quarterly fluctuations in our financial results. Revenue and operating results are usually strongest during the second and third fiscal quarters ending January 31 and April 30 due to our tax businesses contributing most of their revenue during those quarters and the timing of the release of our small business software products and upgrades. We typically experience lower revenues, and operating losses, in the first and fourth quarters ending October 31 and July 31. Our financial results may also fluctuate from quarter to quarter and year to year due to a variety of factors, including changes in product sales mix that affect average selling prices; product release dates; the timing of delivery of federal and state tax forms; any delay in our ability to successfully submit electronically filed tax returns with government agencies; changes in consumer behavior; the timing of our discontinuation of support for older product offerings; changes to our bundling strategy, such as the inclusion of upgrades with certain offerings; changes to how we communicate the availability of new functionality in the future (any of which may impact the pattern of revenue recognition); and the timing of acquisitions, divestitures, and goodwill and acquired intangible asset impairment charges. Any fluctuations in our operating results may adversely affect our stock price.

We are frequently a party to litigation and regulatory inquiries which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows.

We are subject to various legal proceedings, claims and regulatory inquiries that have arisen out of the ordinary conduct of our business and are not yet resolved and additional claims and inquiries may arise in the future. The number and significance of these claims and inquiries have increased as our businesses have evolved. Any proceedings, claims or inquiries initiated by or against us, whether successful or not, may be time consuming; result in costly litigation, damage awards, consent decrees, injunctive relief or increased costs of business; require us to change our business practices or products; require significant amounts of management time; result in diversion of significant operations resources; or otherwise harm of business and future financial results.

The continued global economic downturn may harm our business and financial condition.

The continued global economic downturn has caused disruptions and extreme volatility in global financial markets and increased rates of default and bankruptcy, and has impacted consumer and small business spending. These macroeconomic developments have affected and may continue to negatively affect our business and financial condition. In particular, because the majority of our revenue is derived from sales within the U.S., economic conditions in the U.S. have an even greater impact

## Tables of Contents

on us than companies with a more diverse international presence. Potential new customers may not purchase or delay purchase of our products and services, and many of our existing customers may discontinue purchasing or delay upgrades of our existing products and services, thereby negatively impacting our revenues and future financial results. Decreased consumer spending levels may also reduce credit and debit card transaction processing volumes causing reductions in our payments revenue. Poor economic conditions and high unemployment has caused, and may continue to cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets may negatively affect the cash flow of our distributors and resellers who may, in turn, delay paying their obligations to us, which may increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Additionally, if macroeconomic or other factors continue to cause banks, credit unions, mortgage lenders and other financial institutions to fail, or result in further cost-cutting efforts or consolidation of these entities, we may lose current or potential customers, achieve less revenue per customer and/or lose valuable relationships with such of these entities that provide critical services to our customers. Any of these events may harm our business and our future financial results.

We regularly invest resources to update and improve our internal information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing internal technology systems and software platforms disrupt our operations, our business could be harmed.

We rely on our network and data center infrastructure and internal technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages and may not be able to deliver certain offerings and develop new offerings and enhancements that we need to remain competitive. Such improvements and upgrades are often complex, costly and time consuming. In addition such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation.

Our international operations are subject to increased risks which may harm our business, operating results, and financial condition.

In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including:

- trade barriers and changes in trade regulations;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- profit repatriation restrictions, and foreign currency exchange restrictions;
- political or social unrest, economic instability, repression, or human rights issues;
- geopolitical events, including acts of war and terrorism;
- import or export regulations;
- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to government officials;
- different and more stringent user protection, data protection, privacy and other laws; and
- risks related to other government regulation or required compliance with local laws.

Violations of the complex foreign and U.S. laws and regulations that apply to our international operations may result in fines, criminal actions or sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and may result in harm to our business, operating results, and financial condition.

Tables of Contents

If actual product returns exceed reserves our future financial results may be harmed.

We ship more desktop software products to our distributors and retailers than we expect them to sell, in order to reduce the risk that distributors or retailers may run out of products. This is particularly true for our Consumer Tax products, which have a short selling season and for which returns occur primarily in our fiscal third and fourth quarters. Like many software companies that sell their products through distributors and retailers, we have historically accepted significant product returns. We establish reserves against revenue for product returns in our financial statements based on estimated returns and we closely monitor product sales and inventory in the retail channel in an effort to maintain adequate reserves. In the past, returns have not differed significantly from these reserves. However, if we experience actual returns that significantly exceed reserves, it may result in lower net revenue.

Unanticipated changes in our income tax rates may affect our future financial results.

Our future effective income tax rates may be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or their interpretation. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These continuous examinations may result in unforeseen tax-related liabilities, which may harm our future financial results.

Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income.

Our acquisitions have resulted in significant expenses, including amortization and impairment of acquired technology and other acquired intangible assets, and impairment of goodwill. Total costs and expenses in these categories were approximately \$53 million in fiscal 2012, \$85 million in fiscal 2011, and \$85 million in fiscal 2010. Although under current accounting rules goodwill is not amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our statement of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. The total costs and expenses for fiscal 2011 included a goodwill and intangible asset impairment charge of \$30 million for our Intuit Health reporting unit. We recorded the goodwill and intangible assets for that reporting unit on our balance sheet in May 2010 in connection with our acquisition of Medfusion, Inc. At July 31, 2012, we had \$2.2 billion in goodwill and \$213 million in net acquired intangible assets on our balance sheet, both of which may be subject to impairment charges in the future. New acquisitions, and any impairment of the value of acquired intangible assets, may have a significant negative impact on our future financial results.

Our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions.

We have acquired and may continue to acquire companies, products and technologies that complement our strategic direction. Acquisitions involve significant risks and uncertainties, including:

- inability to successfully integrate the acquired technology and operations into our business and maintain uniform standards, controls, policies, and procedures;
- inability to realize synergies expected to result from an acquisition;
- challenges retaining the key employees, customers, resellers and other business partners of the acquired operation;
- the internal control environment of an acquired entity may not be consistent with our standards and may require significant time and resources to improve;
-

unidentified issues not discovered in our due diligence process, including product or service quality issues, intellectual property issues and legal contingencies.

Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm our operating results or financial condition. Although we typically fund our acquisitions through cash available from operations, if we were to use debt to fund acquisitions or for other purposes, our interest expense and leverage would increase significantly, and if we were to issue equity securities as consideration in an acquisition, current shareholders' percentage ownership and earnings per share would be diluted.

Tables of Contents

We have \$500 million in debt outstanding and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

In fiscal 2007 we issued \$500 million in senior unsecured notes due in March 2012 and \$500 million in senior unsecured notes due in March 2017. We repaid the March 2012 notes when they became due using cash from operations. As the March 2017 debt matures, we will have to expend significant resources to either repay or refinance these notes. If we decide to refinance the notes, we may be required to do so on different or less favorable terms or we may be unable to refinance the notes at all, both of which may adversely affect our financial condition.

We have also entered into a \$500 million five-year revolving credit facility. Although we have no current plans to request any advances under this credit facility, we may use the proceeds of any future borrowing for general corporate purposes, including future acquisitions.

This debt may adversely affect our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our current revolving credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, our short- and long-term debt includes covenants that may adversely affect our ability to incur certain liens or engage in certain types of sale and leaseback transactions. If we breach any of the covenants under our short- and long-term debt or our revolving credit facility and do not obtain a waiver from the lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable.

In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. If our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our revolving credit facility may increase. In addition, any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may affect the terms of any such financing.

We are subject to risks associated with information disseminated through our services.

The laws relating to the liability of online services companies for information such as online content disseminated through their services are subject to frequent challenges. In spite of settled law in the U.S., claims are made against online services companies by parties who disagree with the content. Where our online content is accessed on the internet outside of the U.S., challenges may be brought under foreign laws which do not provide the same protections for online services companies as in the U.S. These challenges in either U.S. or foreign jurisdictions may rise to legal claims alleging defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services. Certain of our services include content generated by users of our online services. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. Any costs incurred as a result of this potential liability may harm our business.

Our stock price may be volatile and your investment could lose value.



Our stock price is subject to changes in recommendations or earnings estimates by financial analysts, changes in investors' or analysts' valuation measures for our stock, our credit ratings and market trends unrelated to our performance. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business or security of our products, can cause changes in our stock price. These factors, as well as general economic and political conditions and the timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes may adversely affect our stock price. Further, any changes in the amounts or frequency of share repurchases or dividends may also adversely affect our stock price. A significant drop in our stock price could expose us to the risk of securities class actions lawsuits, which may result in substantial costs and divert management's attention and resources, which may adversely affect our business.

Tables of Contents

Our business depends on our strong reputation and the value of our brands.

Developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers. Adverse publicity (whether or not justified) relating to events or activities attributed to us, our employees or agents may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand for our products and services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands.

Tables of ContentsITEM 1B  
UNRESOLVED STAFF COMMENTS

None.

ITEM 2  
PROPERTIES

Our principal locations, their purposes and the expiration dates for the leases on facilities at those locations as of July 31, 2012 are shown in the table below. We have renewal options on many of our leases.

Location	Purpose	Approximate Square Feet	Principal Lease Expiration Dates
Mountain View and Menlo Park, California	Principal offices, corporate headquarters and headquarters for Financial Management Solutions and Employee Management Solutions businesses	811,000	2015 - 2026
San Diego, California	Headquarters for Consumer Tax business and general office space	466,000	2017
Quincy, Washington	Primary data center	240,000	Owned
Woodland Hills and Westlake Village, California	Headquarters for Payment Solutions and Financial Services businesses and data centers	239,000	2013 - 2018
Plano, Texas	Headquarters for Accounting Professionals business and data center	166,000	2026
Bangalore, India	Headquarters for Intuit India	164,000	2015 - 2017

We own buildings comprising approximately 114,000 square feet of the total square feet shown in the table above for our Mountain View and Menlo Park headquarters facility. We also lease or own facilities in a number of smaller domestic locations and internationally in Canada, the United Kingdom, Singapore, and several other locations. We believe our facilities are suitable and adequate for our current and near-term needs, and that we will be able to locate additional facilities as needed. See Note 10 to the financial statements in Item 8 of this Report for more information about our lease commitments.

ITEM 3  
LEGAL PROCEEDINGS

On January 13, 2012, two putative class actions were filed against Intuit Inc. in connection with our TurboTax income tax preparation software: Smith v. Intuit Inc. (U.S. District Court, Northern District of California) and Quildon v. Intuit Inc. (California Superior Court, Santa Clara County). The plaintiffs in both cases assert that the fees charged for the refund processing service offered within TurboTax are “refund anticipation loans” and the disclosures about those fees do not comply with California and federal laws. The Smith case was brought in federal court on behalf of a proposed nationwide class and subclasses; the Quildon case was brought in state court on behalf of a proposed

California class and subclasses. Otherwise the two complaints are substantively identical. In each case the plaintiffs seek monetary relief (including restitution, statutory damages, treble damages, and interest) in an unspecified amount, as well as attorneys' fees and costs. On February 22, 2012, Intuit removed the Quildon case to federal court. On March 16, 2012, the plaintiffs filed a motion to remand the Quildon case to state court. On March 19, 2012, Intuit filed motions to dismiss the plaintiffs' claims in both cases. On May 25, 2012, the federal court remanded the Quildon case to state court and denied as moot the motion to dismiss that case. On July 10, 2012, Intuit filed a motion in state court to stay the Quildon case until the federal court resolves the Smith case, which the state court granted on August 6, 2012. On September 10, 2012, the federal court issued an order granting Intuit's motion to dismiss the plaintiffs' complaint in the Smith matter. The plaintiffs have 30 days from the date of the order to file any amended complaint. We continue to believe we have meritorious defenses to the claims asserted in these actions and intend to defend vigorously

Tables of Contents

against them. We believe that liabilities associated with these cases, while possible, are not probable, and therefore we have not recorded any accrual for them as of July 31, 2012. Further, any possible range of loss cannot be reasonably estimated at this time.

Intuit is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, including assertions that we may be infringing patents or other intellectual property rights of others. We currently believe that, in addition to any amounts accrued, the amount of potential losses, if any, for any pending claims of any type (either alone or combined) will not have a material impact on our consolidated financial statements. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, negative publicity, diversion of management resources and other factors. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims could adversely affect our business.

ITEM 4  
MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5  
MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER  
PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Intuit's common stock is quoted on the NASDAQ Global Select Market under the symbol "INTU." The following table shows the range of high and low sale prices reported on the NASDAQ Global Select Market for the periods indicated. The closing price of Intuit's common stock on August 31, 2012 was \$58.54.

	High	Low
Fiscal year ended July 31, 2011		
First quarter	\$48.31	\$38.05
Second quarter	50.54	44.19
Third quarter	56.40	46.98
Fourth quarter	56.46	46.36
Fiscal year ended July 31, 2012		
First quarter	\$55.43	\$39.87
Second quarter	58.06	48.91
Third quarter	62.33	55.94
Fourth quarter	60.21	53.38

Stockholders

As of August 31, 2012 we had approximately 700 record holders and approximately 192,000 beneficial holders of our common stock.

#### Dividends

Prior to fiscal 2012, Intuit paid no cash dividends on its common stock. We declared and paid cash dividends that totaled \$0.60 per share of outstanding common stock or \$178 million during fiscal 2012. In August 2012 our Board of Directors declared a quarterly cash dividend of \$0.17 per share of outstanding common stock payable on October 18, 2012 to stockholders of record at the close of business on October 10, 2012. We currently expect to continue to pay comparable cash dividends on a quarterly

Tables of Contents

basis in the future; however, future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

## Recent Sales of Unregistered Securities

None.

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Stock repurchase activity during the three months ended July 31, 2012 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans
May 1, 2012 through May 31, 2012	1,241,500	\$56.13	1,241,500	\$1,776,737,956
June 1, 2012 through June 30, 2012	649,600	\$56.46	649,600	\$1,740,058,878
July 1, 2012 through July 31, 2012	—	\$—	—	\$1,740,058,878
Total	1,891,100	\$56.25	1,891,100	

Note: All shares purchased as part of publicly announced plans during the three months ended July 31, 2012 were purchased under a plan we announced on August 18, 2011 under which we are authorized to repurchase up to \$2 billion of our common stock from time to time over a three-year period ending on August 15, 2014. At July 31, 2012, authorization from our Board of Directors to expend up to \$1.7 billion remained available under that plan.

Tables of Contents

## Company Stock Price Performance

The graph below compares the cumulative total stockholder return on Intuit common stock for the last five full fiscal years with the cumulative total returns on the S&P 500 Index and the Morgan Stanley Technology Index for the same period. The graph assumes that \$100 was invested in Intuit common stock and in each of the other indices on July 31, 2007 and that all dividends were reinvested. Intuit did not pay cash dividends prior to fiscal 2012. The comparisons in the graph below are based on historical data – with Intuit common stock prices based on the closing price on the dates indicated – and are not intended to forecast the possible future performance of Intuit’s common stock.

	July 31, 2007	July 31, 2008	July 31, 2009	July 31, 2010	July 31, 2011	July 31, 2012
Intuit Inc.	\$100.00	\$95.43	\$103.70	\$138.79	\$163.06	\$204.84
S&P 500	\$100.00	\$88.91	\$71.16	\$81.00	\$96.92	\$105.77
Morgan Stanley Technology Index	\$100.00	\$96.17	\$85.79	\$95.70	\$114.38	\$125.87



Tables of Contents

## ITEM 6

## SELECTED FINANCIAL DATA

The following tables show Intuit's selected financial information for the past five fiscal years. The comparability of the information is affected by a variety of factors, including acquisitions and divestitures of businesses, issuance and repayment of long-term debt, share-based compensation expense, amortization of acquired technology and other acquired intangible assets, repurchases of common stock under our stock repurchase programs, and the payment of cash dividends.

In fiscal 2007 we issued \$1 billion in senior notes and in fiscal 2012 we repaid \$500 million of those notes when they became due using cash from operations. In fiscal 2008 through fiscal 2012 we acquired several companies, including Homestead Technologies Inc., Electronic Clearing House, Inc., PayCycle, Inc., Mint Software Inc., Medfusion, Inc. and Demandforce, Inc. We have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition.

We sold our Intuit Distribution Management Solutions business in fiscal 2008 and our Intuit Real Estate Solutions business in fiscal 2010. In August 2012 we signed a definitive agreement to sell our Intuit Websites business. We accounted for these three businesses as discontinued operations and have therefore reclassified the selected financial data for all periods presented below to reflect them as such.

To better understand the information in these tables, investors should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Report, and the financial statements and related notes in Item 8 of this Report.

Consolidated Statement of Operations Data (In millions, except per share amounts)	Fiscal 2012	2011	2010	2009	2008
Total net revenue	\$4,151	\$3,772	\$3,403	\$3,073	\$2,978
Total costs and expenses	2,974	2,735	2,499	2,370	2,316
Operating income from continuing operations	1,177	1,037	904	703	662
Total share-based compensation expense included in total costs and expenses	169	153	134	130	111
Net income from continuing operations	767	652	564	459	457
Net income (loss) from discontinued operations	25	(18)	) 10	(12)	) 20
Net income	792	634	574	447	477
Net income per common share:					
Basic net income per share from continuing operations	\$2.59	\$2.12	\$1.79	\$1.43	\$1.39
Basic net income (loss) per share from discontinued operations	0.08	(0.06)	) 0.03	(0.04)	) 0.06
Basic net income per share	\$2.67	\$2.06	\$1.82	\$1.39	\$1.45
Diluted net income per share from continuing operations	\$2.52	\$2.06	\$1.74	\$1.39	\$1.35
Diluted net income(loss) per share from discontinued operations	0.08	(0.06)	) 0.03	(0.04)	) 0.06
Diluted net income per share	\$2.60	\$2.00	\$1.77	\$1.35	\$1.41
Dividends declared per common share	\$0.60	\$—	\$—	\$—	\$—



Tables of Contents

Consolidated Balance Sheet Data (In millions)	At July 31,				
	2012	2011	2010	2009	2008
Cash, cash equivalents and investments	\$744	\$1,421	\$1,622	\$1,347	\$828
Long-term investments	75	63	91	97	288
Working capital	258	449	1,074	884	307
Total assets	4,684	5,110	5,198	4,826	4,667
Current portion of long-term debt	—	500	—	—	—
Long-term debt	499	499	998	998	998
Other long-term obligations	176	190	158	187	122
Total stockholders' equity	2,744	2,616	2,821	2,557	2,080

## ITEM 7

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) includes the following sections:

- Executive Overview that discusses at a high level our operating results and some of the trends that affect our business.

- Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments underlying our financial statements.

- Results of Operations that includes a more detailed discussion of our revenue and expenses.

- Liquidity and Capital Resources which discusses key aspects of our statements of cash flows, changes in our balance sheets and our financial commitments.

You should note that this MD&A discussion contains forward-looking statements that involve risks and uncertainties. Please see the section entitled "Forward-Looking Statements and Risk Factors" at the beginning of Item 1A for important information to consider when evaluating such statements.

You should read this MD&A in conjunction with the financial statements and related notes in Item 8 of this Report. In fiscal 2010 we acquired Mint Software Inc. and Medfusion, Inc. and in fiscal 2012 we acquired Demandforce, Inc. We have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition.

We have reclassified our financial statements for all periods presented to reflect our Intuit Real Estate Solutions and Intuit Websites businesses as discontinued operations. See "Results of Operations — Discontinued Operations" later in this Item 7 for more information. Unless otherwise noted, the following discussion pertains only to our continuing operations.

## Executive Overview

This overview provides a high level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results for fiscal 2012 as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Annual Report on Form 10-K.

## Overview of Financial Results

Total net revenue for fiscal 2012 was \$4.2 billion, an increase of 10% compared with fiscal 2011. Our Small Business Group and our Consumer Tax segment were the key drivers of revenue growth. Revenue from our Small Business Group increased 14% compared with fiscal 2011 due to growth in connected services offerings and improved offering mix. Revenue from our Consumer Tax segment increased 11% compared with fiscal 2011 due to 6% growth in paid federal units and favorable offering mix. Operating income from continuing operations increased 14% in fiscal 2012 compared with fiscal 2011 due to higher revenue partially offset by higher costs and expenses. Operating expenses were higher due to increases in staffing expenses and, to a lesser extent, increases in share-based compensation expenses. Net income from continuing operations increased 18%

## Tables of Contents

in fiscal 2012 compared with fiscal 2011 due to the increase in operating income, lower interest expense and a slightly lower effective tax rate. Diluted net income per share from continuing operations for fiscal 2012 increased 22% to \$2.52 as a result of the increase in net income and the decline in weighted average diluted shares compared with fiscal 2011.

We ended fiscal 2012 with cash, cash equivalents and investments totaling \$744 million. In fiscal 2012 we generated cash from operations, from net sales of investments, and from the issuance of common stock under employee stock plans. During the same period we used cash for the repurchase of shares of our common stock under our stock repurchase programs, the repayment of debt, the acquisition of Demandforce, Inc., the payment of cash dividends, and capital expenditures. At July 31, 2012, we had authorization from our Board of Directors to expend up to an additional \$1.7 billion for stock repurchases through August 15, 2014.

## Seasonality

Our QuickBooks, Consumer Tax and Accounting Professionals offerings are highly seasonal. Revenue from our QuickBooks software products tends to be highest during our second and third fiscal quarters. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. In our Consumer Tax business, a greater proportion of our revenue has been occurring later in this seasonal period due in part to the growth in sales of TurboTax Online, for which revenue is recognized upon printing or electronic filing of a tax return. The seasonality of our Consumer Tax and Accounting Professionals revenue is also affected by the timing of the availability of tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions. Delays in the availability of tax forms or the ability of taxing agencies to receive submissions can cause revenue to shift between our fiscal quarters. These seasonal patterns mean that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while core operating expenses such as research and development continue at relatively consistent levels. We believe the seasonality of our revenue and profitability is likely to continue in the future.

## Critical Accounting Policies and Estimates

In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our net revenue, operating income or loss and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Senior management has reviewed the development and selection of these critical accounting policies and their disclosure in this Annual Report on Form 10-K with the Audit and Risk Committee of our Board of Directors.

## Revenue Recognition

We derive revenue from the sale of packaged software products, software subscriptions, hosted services, technical support plans, financial supplies, implementation services, transaction fees, merchant services hardware, and multiple element arrangements that may include a combination of these items. We follow the appropriate revenue recognition rules for each type of revenue. For additional information, see "Revenue Recognition" in Note 1 to the financial statements in Item 8 of this report. We generally recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves exercising judgment and using estimates that can have a significant impact on the timing and amount of revenue we

report. For example, for multiple element arrangements containing only software and software-related elements, we must exercise judgment and use estimates in order to (1) allocate the total price among the various elements we must deliver; (2) determine whether undelivered services are essential to the functionality of the delivered products and services; (3) determine whether vendor-specific evidence of fair value exists for each undelivered element; and (4) determine whether and when each element has been delivered. For multiple element arrangements containing non-software elements, we must exercise judgment and use estimates in order to (1) determine whether and when each element has been delivered; (2) determine the fair value of each element using the selling price hierarchy of vendor-specific evidence of fair value (VSOE) of fair value if available, third-party evidence (TPE) if VSOE is not available, and estimated selling price (ESP) if neither VSOE nor TPE is available; and (3) allocate the total price among the various elements based on the relative selling price method. If we were to change any of these judgments or estimates, it could cause a material increase or decrease in the amount of revenue that we report in a particular period. Amounts for fees collected or invoiced and due relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized when the applicable revenue recognition criteria are satisfied.

## Tables of Contents

In connection with the sale of certain products, we provide a limited amount of free technical support assistance to customers. We do not defer the recognition of any revenue associated with sales of these products since the cost of providing this free technical support is insignificant. The technical support is generally provided within one year after the associated revenue is recognized and free product enhancements are minimal and infrequent. We accrue the estimated cost of providing this free support upon product shipment.

### Return and Rebate Reserves

As part of our revenue recognition policy, we estimate future product returns and rebate payments and establish reserves against revenue at the time of sale based on these estimates. Our return policy allows distributors and retailers, subject to contractual limitations, to return purchased products. Product returns by distributors and retailers relate primarily to the return of excess and obsolete products. In determining our product returns reserves, we consider the volume and price mix of products in the retail channel, historical return rates for prior releases of the product, trends in retailer inventory and economic trends that might impact customer demand for our products (including the competitive environment and the timing of new releases of our products). We fully reserve for excess and obsolete products in the distribution channels.

Our rebate reserves include distributor and retailer sales incentive rebates and end-user rebates. Our estimated reserves for distributor and retailer incentive rebates are based on distributors' and retailers' actual performance against the terms and conditions of rebate programs, which we typically establish annually. Our reserves for end-user rebates are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion and historical redemption trends by product and by type of promotional program.

In the past, actual returns and rebates have not differed significantly from the reserves that we have established. However, actual returns and rebates in any future period are inherently uncertain. If we were to change our assumptions and estimates, our revenue reserves would change, which would impact the net revenue we report. If actual returns and rebates are significantly greater than the reserves we have established, the actual results would decrease our future reported revenue. Conversely, if actual returns and rebates are significantly less than our reserves, this would increase our future reported revenue. For example, if we had increased our fiscal 2012 returns reserves by 1% of non-consignment sales to retailers for QuickBooks, TurboTax and Quicken, our total net revenue for fiscal 2012 would have been approximately \$3 million lower.

### Allowance for Doubtful Accounts

We make ongoing assumptions relating to the collectibility of our accounts receivable. The accounts receivable amounts presented on our balance sheets include reserves for accounts that might not be paid. In determining the amount of these reserves, we consider our historical level of credit losses. We also make judgments about the creditworthiness of significant customers based on ongoing credit evaluations, and we assess current economic trends that might impact the level of credit losses in the future. Our reserves have generally been adequate to cover our actual credit losses. However, since we cannot reliably predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate. If actual credit losses are significantly greater than the reserve we have established, that would increase our general and administrative expenses and reduce our reported net income. Conversely, if actual credit losses are significantly less than our reserve, this would eventually decrease our general and administrative expenses and increase our reported net income. We had a total of \$229 million in gross accounts receivable and an allowance for doubtful accounts of \$46 million on our balance sheet at July 31, 2012.

### Fair Value of Investments and Other-Than-Temporary Impairments

As described in Note 2 to the financial statements in Item 8 of this Report, we estimate the fair value of our available-for-sale debt securities each quarter. These investments consist of cash equivalents, municipal bonds, U.S. treasury securities, U.S. agency securities, corporate notes and municipal auction rate securities. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When identical or similar assets are traded in active markets, the level of judgment required to estimate their fair value is relatively low. This is generally true for our cash equivalents, which we consider to be Level 1 assets, and our municipal bonds, U.S. agency securities and corporate notes, which we consider to be Level 2 assets. We measure the fair values of our Level 2 investments with the help of a pricing service that either provides quoted market prices in active markets for identical or similar securities or uses observable inputs for their pricing without applying significant adjustments. Our fair value processes include controls that are designed to ensure that we record appropriate fair values for our Level 2 investments. These controls include comparison to pricing provided by a secondary pricing service or investment manager, validation of pricing sources and models, review of key model inputs, analysis of period-over-period price fluctuations, and independent recalculation of prices where appropriate.



## Tables of Contents

Significant judgment is required to estimate the fair value of assets and liabilities when observable inputs are not available (Level 3). For example, we use a discounted cash flow model to estimate the fair value of our municipal auction rate securities because we have determined that the market for those securities is inactive. Some of the key inputs to our discounted cash flow model are inherently uncertain. The key inputs include projected future interest rates; the likely timing of principal repayments; the probability of full repayment; publicly available pricing data for recently issued similar securities that are not subject to auctions; and the impact of the reduced liquidity for auction rate securities. At July 31, 2012, we held a total of \$41 million in municipal auction rate securities, which was not significant compared with total available-for-sale debt securities of \$567 million at that date.

We record unrealized gains and losses on our available-for-sale securities, net of income taxes, in other comprehensive income in the equity section of our balance sheet until the security is sold or we determine that the decrease in fair value is other-than-temporary. We consider a number of factors in determining whether to recognize an impairment charge, including the reason for the decrease in fair value, the severity of the decrease in fair value, the length of time that the fair value has been less than the cost basis of the security, the financial condition and near-term prospects of the issuer, and whether we intend to sell or may be required to sell the security before anticipated recovery of our cost basis. Changes in our estimates of the fair values of our available-for-sale securities may result in material increases or decreases in our net income in the period in which the change occurs.

## Business Combinations

As described in “Description of Business and Summary of Significant Accounting Policies — Business Combinations,” in Note 1 to the financial statements in Item 8 of this Report, under the acquisition method of accounting we generally recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree at their fair values as of the date of acquisition. We measure goodwill as the excess of consideration transferred, which we also measure at fair value, over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. The acquisition method of accounting requires us to exercise judgment and make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets, deferred tax asset valuation allowances, liabilities related to uncertain tax positions, and contingencies. This method also requires us to refine these estimates over a one-year measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to retroactively adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could materially decrease our operating income and net income and result in lower asset values on our balance sheet.

Significant estimates and assumptions that we must make in estimating the fair value of acquired technology, customer lists, and other identifiable intangible assets include future cash flows that we expect to generate from the acquired assets. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed.

## Goodwill, Acquired Intangible Assets and Other Long-Lived Assets — Impairment Assessments

We estimate the fair value of acquired intangible assets and other long-lived assets that have finite useful lives whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable. We test for potential impairment of goodwill and other intangible assets that have indefinite useful lives annually in our fourth fiscal quarter or whenever indicators of impairment arise. The timing of the annual test may result in

charges to our statement of operations in our fourth fiscal quarter that could not have been reasonably foreseen in prior periods.

As described in “Description of Business and Summary of Significant Accounting Policies – Goodwill, Acquired Intangible Assets and Other Long-Lived Assets,” in Note 1 to the financial statements in Item 8 of this Report, in order to estimate the fair value of goodwill we use a weighted combination of a discounted cash flow model (known as the income approach) and comparisons to publicly traded companies engaged in similar businesses (known as the market approach). The income approach requires us to use a number of assumptions, including market factors specific to the business, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time, long-term growth rates for the business, and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. We evaluate cash flows at the reporting unit level and the number of reporting units that we have identified may make impairment more probable than it would be at a company with fewer reporting units and more integrated operations following acquisitions. Although the assumptions we use in our discounted cash flow model are consistent with the assumptions we use to generate our

## Tables of Contents

internal strategic plans and forecasts, significant judgment is required to estimate the amount and timing of future cash flows from each reporting unit and the relative risk of achieving those cash flows. When using the market approach, we make judgments about the comparability of publicly traded companies engaged in similar businesses. We base our judgments on factors such as size, growth rates, profitability, risk, and return on investment. We also make judgments when adjusting market multiples of revenue, operating income, and earnings for these companies to reflect their relative similarity to our own businesses. We had a total of \$2.2 billion in goodwill on our balance sheet at July 31, 2012. See Note 5 to the financial statements in Item 8 of this Report for a summary of goodwill by reportable segment.

We estimate the recoverability of acquired intangible assets and other long-lived assets that have finite useful lives by comparing the carrying amount of the asset to the future undiscounted cash flows that we expect the asset to generate. In order to estimate the fair value of those assets, we estimate the present value of future cash flows from those assets. The key assumptions that we use in our discounted cash flow model are the amount and timing of estimated future cash flows to be generated by the asset over an extended period of time and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. Significant judgment is required to estimate the amount and timing of future cash flows and the relative risk of achieving those cash flows. We also make judgments about the remaining useful lives of acquired intangible assets and other long-lived assets that have finite lives. We had a total of \$213 million in net acquired intangible assets on our balance sheet at July 31, 2012.

Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. For example, if our future operating results do not meet current forecasts or if we experience a sustained decline in our market capitalization that is determined to be indicative of a reduction in fair value of one or more of our reporting units, we may be required to record future impairment charges for goodwill and acquired intangible assets. Impairment charges could materially decrease our future net income and result in lower asset values on our balance sheet.

During the fourth quarter of fiscal 2012 we performed our annual goodwill impairment test. Using the methodology described in "Description of Business and Summary of Significant Accounting Policies – Goodwill, Acquired Intangible Assets and Other Long-Lived Assets," in Note 1 to the financial statements in Part 8 of this Report, we determined that the estimated fair values of all of our reporting units exceeded their carrying values and that they were not impaired. In addition, during this analysis we concluded that the estimated fair values of all of our reporting units substantially exceeded their carrying values.

During the fourth quarter of fiscal 2011 we performed our annual goodwill impairment test. As described in Note 1, in step one of that test we compared the estimated fair value of each reporting unit to its carrying value. The estimated fair values of all of our reporting units except Intuit Health exceeded their carrying values and we concluded that they were not impaired. During this analysis we also concluded that the estimated fair values of all of our reporting units except Intuit Health substantially exceeded their carrying values. We completed step two of the test for our Intuit Health reporting unit and determined that the goodwill and acquired intangible assets associated with it were impaired. Consequently, we recorded a goodwill and intangible asset impairment charge of approximately \$30 million in fiscal 2011. See "Fair Value Measurements - Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," in Note 2 to the financial statements in Item 8 of this Report for more information.

As discussed above, estimates of fair value for all of our reporting units can be affected by a variety of external and internal factors. The market for online patient-to-provider communication solutions is dynamic and competition is intense. Circumstances that negatively affected our estimate of the fair value of our Intuit Health reporting unit included unforeseen delays in developing high quality, timely offerings and marketing them effectively. If we experience further delays the fair value of our Intuit Health reporting unit could decline further and we may be

required to record additional goodwill and intangible asset impairment charges in the future.

#### Accounting for Share-Based Compensation Plans

At July 31, 2012, there was \$347 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we will amortize to expense in the future. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.4 years.

We use a lattice binomial model and the assumptions described in Note 12 to the financial statements in Item 8 of this Report to estimate the fair value of stock options granted. We estimate the expected term of options granted based on implied exercise patterns using a binomial model. We estimate the volatility of our common stock at the date of grant based on the implied

Tables of Contents

volatility of publicly traded one-year and two-year options on our common stock. Our decision to use implied volatility is based upon the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility. We base the risk-free interest rate that we use in our option valuation model on the implied yield in effect at the time of option grant on constant maturity U.S. Treasury issues with equivalent remaining terms. In fiscal 2012 we began paying quarterly cash dividends and as a result we began using an annualized expected dividend yield in our option valuation model. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. We amortize the fair value of options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods. We may elect to use different assumptions under our option valuation model in the future, which could materially affect our net income or loss and net income or loss per share.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method, adjusted for estimated forfeitures. We amortize the fair value of time-based RSUs on a straight-line basis adjusted for estimated forfeitures over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria will be met, adjusted for estimated forfeitures. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte Carlo valuation methodology and amortize those fair values over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria. Beginning in July 2012, all of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we do not adjust the intrinsic (market) value of our RSUs for dividends. See Note 12 to the financial statements in Item 8 of this Report for more information.

Legal Contingencies

We are subject to certain legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. We review the status of each significant matter quarterly and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we record a liability and an expense for the estimated loss. If we determine that a loss is possible and the range of the loss can be reasonably determined, then we disclose the range of the possible loss. Significant judgment is required in both the determination of probability and the determination of whether an exposure is reasonably estimable. Our accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Potential legal liabilities and the revision of estimates of potential legal liabilities could have a material impact on our financial position and results of operations.

Income Taxes — Estimates of Deferred Taxes, Valuation Allowances and Uncertain Tax Positions

We estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our worldwide income tax provision. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the United States Internal Revenue Service or other taxing jurisdictions. We estimate our current tax liability and assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense in our statement of operations.

At July 31, 2012, we had net deferred tax assets of \$190 million which included a valuation allowance of \$8 million for certain state net operating loss and state tax credit carryforwards. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. The valuation allowance is based on our estimates of taxable income for the jurisdictions in which we operate and the period over which our deferred tax assets will be

Tables of Contents

realizable. While we have considered future taxable income in assessing the need for a valuation allowance, we could in the future be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. An increase in the valuation allowance would have an adverse impact, which could be material, on our income tax provision and net income in the period in which we record the increase.

We recognize and measure benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not of being sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a quarterly basis. Our evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change, which could have a material impact on our effective tax rate and operating results.

## Results of Operations

## Financial Overview

(Dollars in millions, except per share amounts)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change	
Total net revenue	\$4,151	\$3,772	\$3,403	10	% 11	%
Operating income from continuing operations	1,177	1,037	904	14	% 15	%
Net income from continuing operations	767	652	564	18	% 16	%
Diluted net income per share from continuing operations	\$2.52	\$2.06	\$1.74	22	% 18	%

## Fiscal 2012 Compared with Fiscal 2011

Total net revenue increased \$379 million or 10% in fiscal 2012 compared with fiscal 2011, driven by revenue growth in our Small Business Group and our Consumer Tax segment. In our Small Business Group, revenue was up 14%. Financial Management Solutions segment revenue increased 11% due to growth in QuickBooks Online and QuickBooks Enterprise Solutions revenue and, to a lesser extent, to higher financial supplies revenue. Employee Management Solutions segment revenue increased 12% due to favorable offering mix, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. Payment Solutions segment revenue increased 20% due to fee structure changes, higher total card transaction volume, and growth in the merchant customer base. In our Tax businesses, Consumer Tax segment revenue increased 11% due to 6% growth in paid federal units and favorable offering mix. Accounting Professionals segment revenue increased 6% due to price increases in our professional tax business and higher QuickBooks Premier Accountant Edition and ProAdvisor Program revenue. Financial Services segment revenue increased 5%, or 9% when adjusted for the March 2012 sale of that segment's corporate banking business, due to higher mobile banking and bill-pay revenue. Other Businesses segment revenue increased 1% due to 7% growth in global revenue offset by lower Quicken revenue. Operating income from continuing operations increased 14% in fiscal 2012 compared with fiscal 2011 due to the increase in revenue described above partially offset by higher costs and operating expenses. Excluding the \$30 million fiscal 2011 goodwill and intangible asset impairment charge, total operating expenses were \$159 million higher in the fiscal 2012 period, including about \$144 million for higher staffing expenses and about \$16 million for higher

share-based compensation expenses. See “Cost of Revenue” and “Operating Expenses” later in this Item 7 for more information.

Net income from continuing operations increased 18% in fiscal 2012 compared with fiscal 2011 due to the increase in operating income, lower interest expense due to the repayment of debt during the year, and a slightly lower effective tax rate. Diluted net income per share from continuing operations for fiscal 2012 increased 22% to \$2.52 as a result of the increase in net income and the decline in weighted average diluted shares compared with fiscal 2011.



## Tables of Contents

### Fiscal 2011 Compared with Fiscal 2010

Total net revenue increased \$369 million or 11% in fiscal 2011 compared with fiscal 2010, driven by revenue growth in our Small Business Group and our Consumer Tax segment. In our Small Business Group, revenue was up 11%. Financial Management Solutions segment revenue increased 11% due to growth in QuickBooks Online and QuickBooks Enterprise Solutions revenue and, to a lesser extent, to higher QuickBooks desktop revenue. Employee Management Solutions segment revenue increased 10% due to favorable offering mix, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. Payment Solutions segment revenue increased 11% due to growth in the merchant customer base and slightly higher transaction volume per merchant. In our Tax businesses, Consumer Tax segment revenue increased 13% due to 12% growth in total TurboTax federal units that was driven by 20% higher TurboTax Online federal units. Accounting Professionals segment revenue increased 7% due to price increases, increased pay-per-return usage, and new offerings. Financial Services segment revenue increased 4% due to growth in bill-pay revenue partially offset by the effect of the sale of that segment's lending business in the fourth quarter of fiscal 2010. Other Businesses segment revenue increased 15% due to strong performance in our Canadian and United Kingdom small business offerings and our fiscal 2010 acquisitions of Mint and Medfusion.

Operating income from continuing operations increased 15% in fiscal 2011 compared with fiscal 2010. Total cost of revenue as a percent of revenue decreased slightly due to growth in TurboTax Online units and \$31 million lower expense for amortization of acquired intangible assets. Total operating expenses were \$220 million higher in the fiscal 2011 period, including about \$64 million for higher staffing expenses, about \$47 million for higher marketing program expenses in our Small Business Group and our Consumer Tax segment, about \$70 million due to operating expenses for Mint and Medfusion, and about \$20 million for higher share-based compensation expenses. We also recorded a \$30 million goodwill and intangible asset impairment charge for our Intuit Health reporting unit during fiscal 2011. See "Cost of Revenue" and "Operating Expenses" later in this Item 7 for more information.

Net income from continuing operations increased 16% in fiscal 2011 compared with fiscal 2010, in line with the increase in operating income for that period. Diluted net income per share from continuing operations for fiscal 2011 increased 18% to \$2.06 as a result of the increase in net income and the decline in weighted average diluted shares compared with fiscal 2010.

### Business Segment Results

The information below is organized in accordance with our seven reportable business segments. Results for our Financial Management Solutions segment have been adjusted for all periods presented to exclude results for our Intuit Websites business, which we classified as discontinued operations in the fourth quarter of fiscal 2012. Fiscal 2010 results for our Other Businesses segment have been adjusted to exclude results for our Intuit Real Estate Solutions business, which we classified as discontinued operations in the second quarter of fiscal 2010. See Note 8 to the financial statements in Item 8 of this Report for more information.

Segment operating income is segment net revenue less segment cost of revenue and operating expenses. Segment expenses do not include certain costs, such as corporate selling and marketing, product development, and general and administrative expenses and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled \$745 million in fiscal 2012, \$684 million in fiscal 2011 and \$610 million in fiscal 2010. Unallocated costs increased in fiscal 2012 compared with fiscal 2011 and in fiscal 2011 compared with fiscal 2010 due to increases in corporate selling and marketing expenses in support of the growth of our businesses, and to a lesser extent to increases in share-based compensation expenses. Segment expenses also do not include amortization of

acquired technology, amortization of other acquired intangible assets, and goodwill and intangible asset impairment charges. See Note 15 to the financial statements in Item 8 of this Report for reconciliations of total segment operating income to consolidated operating income from continuing operations for each fiscal year presented.

We calculate revenue growth rates and segment operating margin figures using dollars in thousands. Those results may vary slightly from figures calculated using the dollars in millions presented.

Tables of Contents

## Financial Management Solutions

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$418	\$405	\$382		
Service and other revenue	273	217	177		
Total segment revenue	\$691	\$622	\$559	11	11
% of total revenue	17	% 17	% 16	%	%
Segment operating income	\$265	\$243	\$188	9	30
% of related revenue	38	% 39	% 34	%	%

Financial Management Solutions (FMS) product revenue is derived primarily from QuickBooks desktop software products, including QuickBooks Pro, QuickBooks Premier, and QuickBooks Enterprise Solutions, and from financial supplies such as paper checks, envelopes, invoices, business cards and business stationery. FMS service and other revenue is derived primarily from QuickBooks Online; QuickBooks technical support plans; Demandforce, which provides online marketing and customer communication solutions for small businesses; QuickBase; and royalties from small business online services.

## Fiscal 2012 Compared with Fiscal 2011

FMS total net revenue increased \$69 million or 11% in fiscal 2012 compared with fiscal 2011. Total QuickBooks units, including desktop and online units, were flat in fiscal 2012. Overall FMS revenue growth was driven by strong unit growth in our higher-priced QuickBooks Online and QuickBooks Enterprise Solutions offerings. Higher revenue from financial supplies also contributed to the increase in FMS revenue, fueled by sales of our new Secure Plus checks with Checklock™ fraud protection.

FMS segment operating income as a percentage of related revenue decreased slightly to 38% in fiscal 2012 from 39% in fiscal 2011. Segment operating income declined in fiscal 2012 due to about \$38 million in higher staffing expenses associated with higher headcount, partially offset by about \$11 million in lower expenses for advertising and other marketing programs.

## Fiscal 2011 Compared with Fiscal 2010

FMS total net revenue increased \$63 million or 11% in fiscal 2011 compared with fiscal 2010. Higher FMS revenue in fiscal 2011 was driven by strong growth in QuickBooks Online and QuickBooks Enterprise Solutions revenue and, to a lesser extent, by growth in QuickBooks desktop revenue. Higher average selling prices for QuickBooks offerings more than offset flat total QuickBooks software units for fiscal 2011.

FMS segment operating income as a percentage of related revenue increased to 39% in fiscal 2011 from 34% in fiscal 2010. Segment operating income improved in fiscal 2011 due to the increase in revenue described above, about \$23 million in lower staffing expenses, and cost of product revenue efficiencies, partially offset by about \$11 million in higher expenses for advertising and other marketing programs.

## Employee Management Solutions

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$280	\$261	\$249		
Service and other revenue	232	196	169		
Total segment revenue	\$512	\$457	\$418	12	10

Edgar Filing: INTUIT INC - Form 10-K

% of total revenue	12	%	12	%	12	%		
Segment operating income	\$314		\$271		\$253		16	% 7 %
% of related revenue	61	%	59	%	60	%		

40

---

Tables of Contents

Employee Management Solutions (EMS) product revenue is derived primarily from QuickBooks Basic Payroll and QuickBooks Enhanced Payroll, which are products sold on a subscription basis that offer payroll tax tables, payroll reports, federal and state payroll tax forms, and electronic tax payment and filing to small businesses that prepare their own payrolls. EMS service and other revenue is derived primarily from QuickBooks Online Payroll, QuickBooks Assisted Payroll, Intuit Online Payroll, Intuit Full Service Payroll, fees for direct deposit services, and fees for other small business payroll and employee management services. Service and other revenue for this segment also includes interest earned on funds held for customers.

## Fiscal 2012 Compared with Fiscal 2011

EMS total net revenue increased \$55 million or 12% in fiscal 2012 compared with fiscal 2011. Revenue was higher in fiscal 2012 due to customer growth in our Enhanced desktop payroll and online payroll solutions, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. At July 31, 2012 total payroll customers were up 2% while online payroll customers were up 19% compared with July 31, 2011.

EMS segment operating income as a percentage of related revenue increased to 61% in fiscal 2012 from 59% in fiscal 2011. Segment operating income was higher in fiscal 2012 due to the increases in revenue described above, partially offset by higher staffing expenses associated with growing our online payroll business.

## Fiscal 2011 Compared with Fiscal 2010

EMS total net revenue increased \$39 million or 10% in fiscal 2011 compared with fiscal 2010. Revenue was higher in fiscal 2011 due to more customers choosing our Enhanced desktop payroll and online payroll solutions, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. At July 31, 2011 total payroll customers were up 2% while online payroll customers were up 13% compared with July 31, 2010.

EMS segment operating income as a percentage of related revenue decreased slightly to 59% in fiscal 2011 from 60% in fiscal 2010. Revenue growth as described above was partially offset by higher cost of revenue associated with offering mix.

## Payment Solutions

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$26	\$31	\$31		
Service and other revenue	391	317	282		
Total segment revenue	\$417	\$348	\$313	20	11
% of total revenue	10	% 9	% 9	%	%
Segment operating income	\$107	\$64	\$67	66	(3
% of related revenue	26	% 19	% 21	%	%)

Payment Solutions product revenue is derived primarily from QuickBooks Point of Sale solutions. Payment Solutions service revenue is derived primarily from merchant services for small businesses that include credit card, debit card, electronic benefits, and gift card processing services; check verification, check guarantee and electronic check conversion, including automated clearing house (ACH) and Check 21 capabilities; from Web-based transaction processing services for online merchants; and from GoPayment mobile payment processing services.

Fiscal 2012 Compared with Fiscal 2011

Payment Solutions total net revenue increased \$69 million or 20% in fiscal 2012 compared with fiscal 2011, driven by fee structure changes, higher total card transaction volume, and 13% growth in the merchant customer base.

Payment Solutions segment operating income as a percentage of related revenue increased to 26% in fiscal 2012 from 19% in fiscal 2011 due to the increases in revenue described above and lower agent fees in cost of revenue, partially offset by higher data center hosting expenses.

Tables of Contents

## Fiscal 2011 Compared with Fiscal 2010

Payment Solutions total net revenue increased \$35 million or 11% in fiscal 2011 compared with fiscal 2010, driven by 11% growth in the merchant customer base. Transaction volume per merchant increased 1% in fiscal 2011 compared with fiscal 2010.

Payment Solutions segment operating income as a percentage of related revenue decreased to 19% in fiscal 2011 from 21% in fiscal 2010 due to higher interchange fees in cost of revenue and higher expenses for staffing and advertising and other marketing programs, which more than offset the increase in revenue described above.

## Consumer Tax

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$218	\$261	\$275		
Service and other revenue	1,223	1,037	871		
Total segment revenue	\$1,441	\$1,298	\$1,146	11	13
% of total revenue	35	% 34	% 34	%	%
Segment operating income	\$886	\$850	\$746	4	14
% of related revenue	61	% 65	% 65	%	%

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer and small business desktop tax return preparation software. Consumer Tax service and other revenue is derived primarily from TurboTax Online tax return preparation services and electronic tax filing services.

## Fiscal 2012 Compared with Fiscal 2011

Consumer Tax total net revenue increased \$143 million or 11% in fiscal 2012 compared with fiscal 2011 due to 6% growth in paid federal units and favorable offering mix, including improved conversion from free to paid offerings. Revenue from our debit card program was higher in fiscal 2012 because customer card usage was higher and because we managed the program internally rather than offering it through a partner and sharing the revenue, as we did in fiscal 2011. Total online federal units grew 9% and represented approximately 77% of total federal TurboTax units for the 2011 consumer tax season, up from approximately 75% for the 2010 tax season.

Consumer Tax segment operating income as a percentage of related revenue decreased to 61% in fiscal 2012 from 65% in fiscal 2011. Segment cost of service revenue as a percentage of service revenue was higher in fiscal 2012 due to costs associated with our new Free Tax Advice and debit card programs and to higher data center hosting costs. Segment operating expenses also increased about \$43 million for staffing expenses and about \$15 million for advertising and other marketing programs compared with the fiscal 2011 period.

## Fiscal 2011 Compared with Fiscal 2010

Consumer Tax total net revenue increased \$152 million or 13% in fiscal 2011 compared with fiscal 2010. Total TurboTax federal units were up 12% in that period, driven by TurboTax Online federal unit growth of 20%. Online federal units represented approximately 75% of total federal TurboTax units for the 2010 consumer tax season, up from approximately 70% for the 2009 tax season.

Consumer Tax segment operating income as a percentage of related revenue was flat at 65% in fiscal 2011 and fiscal 2010. The revenue increase described above was partially offset by higher costs and expenses, including about \$29 million in higher expenses for advertising and other marketing programs.





Tables of Contents

## Accounting Professionals

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$370	\$340	\$303		
Service and other revenue	53	59	70		
Total segment revenue	\$423	\$399	\$373	6	7
% of total revenue	10	% 11	% 11	%	%
Segment operating income	\$249	\$228	\$210	9	9
% of related revenue	59	% 57	% 56	%	%

Accounting Professionals product revenue is derived primarily from ProSeries and Lacerte professional tax preparation software products and from QuickBooks Premier Accountant Edition and ProAdvisor Program subscriptions for professional accountants. Accounting Professionals service and other revenue is derived primarily from Intuit Tax Online tax return preparation services, electronic tax filing services, bank product transmission services, and training services.

## Fiscal 2012 Compared with Fiscal 2011

Accounting Professionals total net revenue increased \$24 million or 6% in fiscal 2012 compared with fiscal 2011 due to price increases in our professional tax business and higher QuickBooks Premier Accountant Edition and ProAdvisor Program revenue.

Accounting Professionals segment operating income as a percentage of related revenue increased to 59% in fiscal 2012 from 57% in fiscal 2011 due to the increases in revenue described above and relatively stable operating expenses.

## Fiscal 2011 Compared with Fiscal 2010

Accounting Professionals total net revenue increased \$26 million or 7% in fiscal 2011 compared with fiscal 2010 due to price increases, increased pay-per-return usage, and new offerings such as Intuit Tax Online.

Accounting Professionals segment operating income as a percentage of related revenue increased slightly to 57% in fiscal 2011 from 56% in fiscal 2010. Higher revenue for the fiscal 2011 period was partially offset by modestly higher staffing and other operating expenses.

## Financial Services

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$—	\$—	\$—		
Service and other revenue	362	346	332		
Total segment revenue	\$362	\$346	\$332	5	4
% of total revenue	9	% 9	% 10	%	%
Segment operating income	\$86	\$83	\$71	4	17
% of related revenue	24	% 24	% 21	%	%

Financial Services service and other revenue is derived primarily from online and mobile banking solutions that are hosted in our data centers and delivered as software as a service to financial institutions. Financial Services service and other revenue also includes fees for implementation services.

Fiscal 2012 Compared with Fiscal 2011

Financial Services total net revenue increased \$16 million or 5% in fiscal 2012 compared with fiscal 2011. Revenue for fiscal 2012 grew 9% when adjusted for the March 2012 sale of our corporate banking business. Revenue growth for fiscal 2012 was

43

---

Tables of Contents

primarily due to higher mobile banking revenue and, to a lesser extent, to higher bill-pay revenue. Mobile banking revenue grew due to an increase in mobile banking end users and usage. Bill-pay revenue grew due to a 12% increase in bill-pay end users and higher transaction volumes during fiscal 2012.

Financial Services segment operating income as a percentage of related revenue was flat at 24% in fiscal 2012 and fiscal 2011. Higher revenue as described above and slightly lower staffing expenses associated with lower headcount was partially offset by higher data center hosting expenses.

## Fiscal 2011 Compared with Fiscal 2010

Financial Services total net revenue increased \$14 million or 4% in fiscal 2011 compared with fiscal 2010. Revenue growth in fiscal 2011 was driven by higher bill-pay revenue, partially offset by the effect of the sale of this segment's lending business in the fourth quarter of fiscal 2010. Revenue from the lending business was less than \$10 million for all of fiscal 2010. Bill-pay revenue grew due to a 15% increase in bill-pay end users and higher transaction volumes for fiscal 2011 compared with fiscal 2010. Continuing downward price pressure that resulted in lower revenue per user partially offset the effect of growth in the bill-pay end user customer base.

Financial Services segment operating income as a percentage of related revenue increased to 24% in fiscal 2011 from 21% in fiscal 2010 due to higher revenue partially offset by higher staffing expenses.

## Other Businesses

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	2012-2011 % Change	2011-2010 % Change
Product revenue	\$167	\$183	\$172		
Service and other revenue	138	119	90		
Total segment revenue	\$305	\$302	\$262	1	15
% of total revenue	7	% 8	% 8	%	%
Segment operating income	\$68	\$67	\$64	1	4
% of related revenue	22	% 22	% 25	%	%

Other Businesses consist primarily of our personal finance offerings, Quicken and Mint; Intuit Health; and our global businesses, primarily in Canada, the United Kingdom, and Singapore. Quicken product revenue is derived primarily from Quicken desktop software products. Quicken service and other revenue is derived primarily from fees from consumer online transactions and Quicken Loans trademark royalties. Mint service and other revenue consists primarily of online lead generation fees. Intuit Health service and other revenue consists primarily of online patient-to-provider communication services and fees for implementation services. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as consumer desktop tax return preparation software and professional tax preparation products. Service and other revenue in Canada consists primarily of revenue from QuickBooks support plans, payroll services, and merchant payment processing services. In the United Kingdom, product revenue is derived primarily from localized versions of QuickBooks and QuickBooks Payroll. In Singapore and other international locations, service and other revenue is derived from QuickBooks Online.

## Fiscal 2012 Compared with Fiscal 2011

Other Businesses total net revenue increased \$3 million or 1% in fiscal 2012 compared with fiscal 2011. Global revenue grew 7% in fiscal 2012, or 9% when adjusted for unfavorable currency impacts, while Quicken revenue was lower due to lower Quicken unit sales.

Other Businesses segment operating income as a percentage of related revenue was flat at 22% in fiscal 2012 and fiscal 2011. Higher fiscal 2012 revenue as described above was partially offset by higher costs and expenses associated with continued investment in our healthcare business and global market opportunities.

Tables of Contents

## Fiscal 2011 Compared with Fiscal 2010

Other Businesses total net revenue increased \$40 million or 15% in fiscal 2011 compared with fiscal 2010 due to strong performance in our Canadian and United Kingdom small business offerings and our fiscal 2010 acquisitions of Mint and Medfusion, which became our Intuit Health business. In addition, favorable currency impacts in our Canadian and United Kingdom businesses accounted for approximately three percentage points of Other Businesses revenue growth in fiscal 2011.

Other Businesses segment operating income as a percentage of related revenue decreased to 22% in fiscal 2011 from 25% in fiscal 2010. Higher fiscal 2011 revenue as described above was offset by higher costs and expenses associated with our fiscal 2010 acquisitions of Mint and Medfusion and by our continued investment in emerging market opportunities.

## Cost of Revenue

(Dollars in millions)	Fiscal 2012	% of Related Revenue	Fiscal 2011	% of Related Revenue	Fiscal 2010	% of Related Revenue
Cost of product revenue	\$145	10 %	\$143	10 %	\$144	10 %
Cost of service and other revenue	601	22 %	495	22 %	447	22 %
Amortization of acquired technology	14	n/a	12	n/a	43	n/a
Total cost of revenue	\$760	18 %	\$650	17 %	\$634	19 %

Our cost of revenue has three components: (1) cost of product revenue, which includes the direct costs of manufacturing and shipping or electronically downloading our desktop software products; (2) cost of service and other revenue, which reflects direct costs associated with providing services, including data center costs related to delivering online services; and (3) amortization of acquired technology, which represents the cost of amortizing developed technologies that we have obtained through acquisitions over their useful lives.

## Fiscal 2012 Compared with Fiscal 2011

Cost of service and other revenue as a percentage of service and other revenue was stable in fiscal 2012 compared with fiscal 2011. In fiscal 2012 we incurred higher costs associated with the new Free Tax Advice and debit card programs in our Consumer Tax segment. Partially offsetting the impact of these higher costs, agent fees in our Payment Solutions business were lower and online tax return preparation and electronic filing service revenue grew slightly faster than total service revenue. Online tax revenues have relatively lower costs of revenue compared with our other service offerings.

## Fiscal 2011 Compared with Fiscal 2010

Cost of service and other revenue as a percentage of service and other revenue was stable in fiscal 2011 compared with fiscal 2010. In fiscal 2011 interchange fees in our Payment Solutions business were higher. Unit growth in TurboTax Online, which has relatively lower costs of revenue compared with our other service offering, partially offset the impact of these higher costs.

Amortization of acquired technology decreased in fiscal 2011 compared with fiscal 2010 due to the completion of the amortization for certain Intuit Financial Services intangible assets that we acquired in fiscal 2007.



Tables of Contents

## Operating Expenses

(Dollars in millions)	Fiscal	% of	Fiscal	% of	Fiscal	% of
	2012	Total Net Revenue	2011	Total Net Revenue	2010	Total Net Revenue
Selling and marketing	\$1,118	27 %	\$1,040	28 %	\$913	27 %
Research and development	669	16 %	620	16 %	564	17 %
General and administrative	388	9 %	352	9 %	346	10 %
Amortization of other purchased intangible assets	39	1 %	43	1 %	42	1 %
Goodwill and intangible asset impairment charge	—	— %	30	1 %	—	— %
Total operating expenses	\$2,214	53 %	\$2,085	55 %	\$1,865	55 %

Fiscal 2012 Compared with Fiscal 2011

Total operating expenses as a percentage of total net revenue decreased to 53% in fiscal 2012 from 55% in fiscal 2011. Revenue grew \$379 million while total operating expenses excluding the \$30 million fiscal 2011 impairment charge increased \$159 million in fiscal 2012. Total operating expenses increased about \$144 million for higher staffing expenses due to higher headcount and about \$16 million for higher share-based compensation expenses. Share-based compensation expenses increased because the market price of our common stock was higher at the time of our broad-based July 2011 grants of stock options and restricted stock units compared with the prior fiscal year. This increased the total fair value of these awards at the time of grant, which is being recognized as expense over the related service periods.

## Fiscal 2011 Compared with Fiscal 2010

Total operating expenses as a percentage of total net revenue were flat at 55% in fiscal 2011 and in fiscal 2010. Revenue grew \$369 million while total operating expenses increased \$220 million in fiscal 2011. Total operating expenses increased about \$64 million for staffing expenses, about \$47 million for higher marketing program expenses in our Small Business Group and in our Consumer Tax segment, about \$70 million for the operating expenses of acquired businesses, and about \$20 million for higher share-based compensation expenses. Share-based compensation expenses increased because the market price of our common stock was higher at the time of our broad-based July 2010 grants of stock options and restricted stock units compared with the prior fiscal year. This increased the total fair value of these awards at the time of grant, which is being recognized as expense over the related service periods.

In fiscal 2011 we also recorded a \$30 million goodwill and intangible asset impairment charge for our Intuit Health reporting unit. See "Fair Value Measurements - Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," in Note 2 to the financial statements in Item 8 of this Report for more information.

## Non-Operating Income and Expenses

## Interest Expense

In March 2007 we issued five-year and ten-year senior unsecured notes totaling \$1 billion. In March 2012 we repaid \$500 million of those senior notes when they became due using cash from operations. Interest expense of \$50 million

in fiscal 2012, \$60 million in fiscal 2011, and \$61 million in fiscal 2010 consisted primarily of interest on these senior notes. See Note 10 to the financial statements in Item 8 of this Report for more information.



Tables of Contents

## Interest and Other Income

(In millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010	
Interest income	\$9	\$10	\$9	
Net gains on executive deferred compensation plan assets	—	6	4	
Gain on disposition of stock warrants	10	—	—	
Net foreign exchange (loss) gain	—	(1	) 1	
Other	5	4	(1	)
Total interest and other income	\$24	\$19	\$13	

Interest and other income consists primarily of interest income and net gains and losses on executive deferred compensation plan assets. Lower average invested balances and lower interest rates resulted in slightly lower interest income in fiscal 2012 compared with fiscal 2011. Higher average invested balances and higher interest rates resulted in slightly higher interest income in fiscal 2011 compared with fiscal 2010. In accordance with authoritative guidance, we record gains and losses associated with executive deferred compensation plan assets in interest and other income and gains and losses associated with the related liabilities in operating expenses. The total amounts recorded in operating expenses generally offset the total amounts recorded in interest and other income.

In connection with our acquisition of Digital Insight Corporation in fiscal 2007, we acquired stock warrants for a privately held company. During fiscal 2012 that company was acquired and we recorded a gain of approximately \$10 million on the disposition of the warrants in interest and other income.

In fiscal 2012 we sold our Financial Services segment's corporate banking business for approximately \$20 million and recorded a pretax gain of approximately \$4 million in interest and other income.

## Income Taxes

## Effective Tax Rate

Our effective tax rate for fiscal 2012 was approximately 33% and did not differ significantly from the federal statutory rate of 35%. The tax benefit we received from the domestic production activities deduction was partially offset by state income taxes.

Our effective tax rate for fiscal 2011 was approximately 35%. In that year we recorded a tax benefit of approximately \$9 million related to the reinstatement of the federal research and experimentation credit through December 31, 2011 that was retroactive to January 1, 2010. That benefit was offset almost entirely by the impact of a non-deductible charge related to the impairment of goodwill. Excluding those discrete items, our effective tax rate for that period was approximately 35% and did not differ significantly from the federal statutory rate of 35%. State income taxes were substantially offset by the tax benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

Our effective tax rate for fiscal 2010 was approximately 34%. In that year we recorded discrete tax benefits of approximately \$20 million that were related to foreign tax credit benefits associated with the distribution of profits from certain of our non-U.S. subsidiaries and our plans to indefinitely reinvest substantially all remaining non-U.S. earnings in support of our international expansion plans. Excluding those discrete tax benefits, our effective tax rate for fiscal 2010 was approximately 36% and did not differ significantly from the federal statutory rate of 35%. State

income taxes were substantially offset by the tax benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

See Note 11 to the financial statements in Item 8 of this Report for more information about our effective tax rates.

#### Net Deferred Tax Assets

At July 31, 2012, we had net deferred tax assets of \$190 million which included a valuation allowance of \$8 million for certain state net operating loss and state tax credit carryforwards. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. While we believe our current valuation allowance is sufficient, we could in the future be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. We assess the need for an adjustment to the valuation allowance on a

## Tables of Contents

quarterly basis. The assessment is based on our estimates of future sources of taxable income for the jurisdictions in which we operate and the periods over which our deferred tax assets will be realizable. See Note 11 to the financial statements in Item 8 of this Report for more information.

We provide U.S. federal income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are intended to be indefinitely reinvested in our international operations. To the extent that foreign earnings previously treated as indefinitely reinvested are repatriated, the related U.S. tax liability may, subject to certain limitations, be reduced by any foreign income taxes paid on these earnings. At July 31, 2012, the cumulative amount of earnings upon which U.S. income taxes had not been provided was approximately \$43 million. The unrecognized deferred tax liability for these earnings was approximately \$12 million.

### Discontinued Operations

During fiscal 2012 and fiscal 2010 we sold or decided to sell the businesses described below. See Note 8 to the financial statements in Item 8 of this Report for a more complete description of these discontinued operations and the impact that they have had on our statements of operations for the fiscal periods presented.

### Intuit Websites

In July 2012 management approved a plan to sell our Intuit Websites business, which was a component of our Financial Management Solutions reporting segment. On August 10, 2012 we signed a definitive agreement to sell our Intuit Websites business, subject to closing conditions. We expect the sale to be completed in the first quarter of fiscal 2013 and we do not expect to record a loss on the transaction.

We determined that our Intuit Websites business became a long-lived asset held for sale in the fourth quarter of fiscal 2012. A long-lived asset classified as held for sale is measured at the lower of its carrying amount or fair value less cost to sell. Since the carrying value of Intuit Websites at July 31, 2012 was less than the estimated fair value less cost to sell, no adjustment to the carrying value of this long-lived asset was necessary at that date.

We also classified our Intuit Websites business as discontinued operations in the fourth quarter of fiscal 2012 and have segregated its operating results in our statements of operations for all periods presented. Net revenue from Intuit Websites was \$76 million for the twelve months ended July 31, 2012; \$79 million for the twelve months ended July 31, 2011; and \$52 million for the twelve months ended July 31, 2010. Net income from discontinued operations for the twelve months ended July 31, 2012 included a net loss from Intuit Websites discontinued operations of \$11 million and \$36 million in tax benefits from the anticipated sale of this business. We recorded net losses from Intuit Websites discontinued operations of \$18 million for the twelve months ended July 31, 2011 and \$25 million for the twelve months ended July 31, 2010.

### Intuit Real Estate Solutions

In January 2010 we sold our Intuit Real Estate Solutions (IRES) business for \$128 million in cash and recorded a net gain on disposal of \$35 million. IRES was part of our Other Businesses segment. We have accounted for IRES as discontinued operations and segregated its operating results from continuing operations in our statements of operations for all periods prior to the sale. Net revenue from IRES was \$33 million and net income excluding the net gain on disposal was less than \$1 million for fiscal 2010.

## Liquidity and Capital Resources

### Overview

At July 31, 2012, our cash, cash equivalents and investments totaled \$744 million, a decrease of \$677 million from July 31, 2011 due to the factors described in “Statements of Cash Flows” below. Our primary source of liquidity has been cash from operations, which entails the collection of accounts receivable for products and services. Our primary uses of cash have been for research and development programs, selling and marketing activities, capital projects, acquisitions of businesses, debt service costs, repurchases of our common stock under our stock repurchase programs, and the payment of cash dividends.

In March 2007 we issued five-year and ten-year senior unsecured notes totaling \$1 billion. We repaid the five-year notes when they became due in March 2012 using cash from operations. We also have a \$500 million unsecured revolving line of credit

Tables of Contents

facility. To date we have not borrowed under the facility. The senior notes and the revolving line of credit are described later in this Item 7.

The following table summarizes selected measures of our liquidity and capital resources at the dates indicated:

(Dollars in millions)	July 31, 2012	July 31, 2011	\$ Change	% Change	
Cash, cash equivalents and investments	\$744	\$1,421	\$(677)	(48)	)%
Long-term investments	75	63	12	19	)%
Current portion of long-term debt	—	500	(500)	N/A	
Long-term debt	499	499	—	—	)%
Working capital	258	449	(191)	(43)	)%
Ratio of current assets to current liabilities	1.2 : 1	1.2 : 1			

## Auction Rate Securities

At July 31, 2012, we held a total of \$41 million in municipal auction rate securities which we classified as long-term investments on our balance sheet based on the maturities of the underlying securities. All of these securities are rated A or better by the major credit rating agencies. Due to a decrease in liquidity in the global credit markets, in February 2008 auctions began failing for the municipal auction rate securities we held and in accordance with authoritative guidance we began estimating their fair value based on a discounted cash flow model that we prepare. See Note 2 to the financial statements in Item 8 of this Report for more information. Based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of the municipal auction rate securities we held at July 31, 2012 will have a material impact on our overall ability to meet our liquidity needs.

## Statements of Cash Flows

The following table summarizes selected items from our statements of cash flows for fiscal 2012, 2011 and 2010. See the financial statements in Item 8 of this Report for complete statements of cash flows for those periods.

(Dollars in millions)	Fiscal 2012	Fiscal 2011	Fiscal 2010
Net cash provided by (used in):			
Operating activities	\$1,246	\$1,013	\$998
Investing activities	(225)	497	(997)
Financing activities	(1,344)	(1,006)	(467)
Effect of exchange rate changes on cash	(6)	4	1
Increase (decrease) in cash and cash equivalents	\$(329)	\$508	\$(465)

## Operating Activities

During fiscal 2012 we generated \$1.2 billion in cash from our continuing operations. This included net income from continuing operations of \$767 million, and adjustments for depreciation and amortization of \$242 million and share-based compensation expense of \$169 million. Share-based compensation increased in fiscal 2012 compared with fiscal 2011 because the market price of our common stock was higher at the time of our broad-based July 2011 grants of stock options and restricted stock units compared with the prior fiscal year.

During fiscal 2011 we generated \$1.0 billion in cash from our continuing operations. This included net income from continuing operations of \$652 million, and adjustments for depreciation and amortization of \$241 million and

share-based compensation of \$153 million. Amortization expense was lower in fiscal 2011 compared with 2010 due to the completion of the amortization for certain Intuit Financial Services intangible assets that we acquired in fiscal 2007. Share-based compensation increased in fiscal 2011 compared with fiscal 2010 because the market price of our common stock was higher at the time of our broad-based July 2010 grants of stock options and restricted stock units compared with the prior fiscal year.

During fiscal 2010 we generated \$998 million in cash from our continuing operations. This included net income from continuing operations of \$564 million, and adjustments for depreciation and amortization of \$256 million and share-based

## Tables of Contents

compensation of \$135 million. Amortization expense was lower in fiscal 2010 compared with 2009 due to the completion of the amortization for certain Intuit Financial Services intangible assets that we acquired in fiscal 2007.

### Investing Activities

We used \$225 million in cash for investing activities during fiscal 2012. We received \$349 million in cash from net sales of investments and we used \$392 million in cash for acquisitions of businesses (primarily Demandforce) and \$186 million in cash for capital expenditures.

We generated \$497 million in cash from investing activities during fiscal 2011. We received \$697 million in cash from net sales of investments and we used \$213 million in cash for capital expenditures.

We used \$997 million in cash for investing activities during fiscal 2010. We received a net \$122 million in cash from the sale of our Intuit Real Estate Solutions business. We used \$895 million in cash for net purchases of investments, \$218 million in cash for acquisitions of businesses (primarily Mint and Medfusion), and \$130 million in cash for capital expenditures.

### Financing Activities

We used \$1.3 billion in cash for financing activities during fiscal 2012. We used \$500 million in cash to repay senior notes when they became due in March 2012. We also used \$900 million for the repurchase of common stock under our stock repurchase programs and \$178 million for the payment of cash dividends on our common stock, partially offset by the receipt of \$164 million in cash from the issuance of common stock under employee stock plans.

We used \$1.0 billion in cash for financing activities during fiscal 2011, including \$1.4 billion for the repurchase of common stock under our stock repurchase programs partially offset by the receipt of \$283 million from the issuance of common stock under employee stock plans.

We used \$467 million in cash for financing activities during fiscal 2010, including \$900 million for the repurchase of common stock under our stock repurchase programs partially offset by receipt of \$416 million from the issuance of common stock under employee stock plans.

### Stock Repurchase Programs

Our Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During fiscal 2012 we repurchased 16.9 million shares of our common stock under these programs for \$900 million; during fiscal 2011 we repurchased 28.2 million shares for \$1.4 billion; and during fiscal 2010 we repurchased 28.7 million shares for \$900 million. At July 31, 2012, we had authorization from our Board of Directors to expend up to an additional \$1.7 billion for stock repurchases through August 15, 2014. We currently expect to continue repurchasing our common stock on a quarterly basis; however, future stock repurchases under the current program are at the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

### Dividends on Common Stock

During fiscal 2012 we declared and paid cash dividends that totaled \$0.60 per share of outstanding common stock or approximately \$178 million. In August 2012 our Board of Directors declared a quarterly cash dividend of \$0.17 per share of outstanding common stock payable on October 18, 2012 to stockholders of records at the close of business on October 10, 2012. We currently expect to continue paying comparable cash dividends on a quarterly basis; however,

future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

#### Business Combinations

We completed the business combinations described below during the three fiscal years ended July 31, 2012. We have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition. Their results of operations for periods prior to the dates of acquisition were not material, individually or in the aggregate, when compared with our consolidated results of operations.

On May 18, 2012 we acquired all of the outstanding equity interests of Demandforce, Inc. for total cash and other consideration of approximately \$449 million. The \$449 million included approximately \$44 million for the fair value of assumed equity



## Tables of Contents

awards that is being charged to expense over service periods of up to four years. Demandforce is a provider of online marketing and customer communication solutions for small businesses and became part of our Financial Management Solutions segment.

On May 21, 2010 we acquired privately held Medfusion, Inc. for total consideration of approximately \$89 million. The total consideration included approximately \$10 million for the fair value of cash retention bonuses that is being charged to expense over a three year service period. Medfusion is a provider of online patient-to-provider communication solutions and became part of our Other Businesses segment.

On November 2, 2009 we acquired all of the outstanding equity interests of Mint Software Inc. for total consideration of approximately \$170 million. The total consideration included approximately \$24 million for cash retention bonuses and the fair value of assumed equity awards and Intuit common stock issued to the holder of Mint Series D Preferred Stock. The total of \$24 million is being charged to expense over a three year service period. Mint is a provider of online personal finance services and became part of our Other Businesses segment.

### Commitments for Senior Unsecured Notes

On March 12, 2007 we issued \$500 million of 5.40% senior unsecured notes due on March 15, 2012 (the 2012 Notes) and \$500 million of 5.75% senior unsecured notes due on March 15, 2017 (the 2017 Notes). We repaid the 2012 Notes when they became due using cash from operations. The 2017 Notes are redeemable by Intuit at any time, subject to a make-whole premium. Interest is payable semiannually on March 15 and September 15. At July 31, 2012, our maximum commitment for interest payments under the 2017 Notes was \$144 million.

### Unsecured Revolving Credit Facility

On February 17, 2012 we entered into an agreement with certain institutional lenders for a \$500 million unsecured revolving credit facility that will expire on February 17, 2017. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either JP Morgan's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5%. Actual margins under either election will be based on our senior debt credit ratings. The agreement includes customer affirmative and negative covenants, including financial covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 as of any date and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00 as of the last day of each fiscal quarter. We remained in compliance with these covenants at all times during the quarter ended July 31, 2012. We may use amounts borrowed under this credit facility for general corporate purposes, including future acquisitions. To date we have not borrowed under the credit facility. We monitor counterparty risk associated with the institutional lenders that are providing the credit facility. We currently believe that the credit facility will be available to us should we choose to borrow under it.

### Liquidity and Capital Resource Requirements

Our cash, cash equivalents and investments totaled \$744 million at July 31, 2012. Of this amount, less than 20% was held by our foreign subsidiaries and subject to repatriation tax considerations. We intend to permanently reinvest a significant portion of our earnings from foreign operations, and we currently do not anticipate that we will need funds generated from foreign operations to fund our domestic operations. In the event that funds from foreign operations are needed to fund operations in the United States, if U.S. taxes have not been previously provided on the related earnings we would provide for and pay additional U.S. taxes at the time we change our intention with regard to the reinvestment of those earnings.

We evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. We may decide to use cash and cash equivalents, investments, and our revolving line of credit facility to fund such activities in the future.

Based on past performance and current expectations, we believe that our cash and cash equivalents, investments and cash generated from operations will be sufficient to meet anticipated seasonal working capital needs, capital expenditure requirements, contractual obligations, commitments, debt service requirements and other liquidity requirements associated with our operations for at least the next 12 months. We expect to return excess cash generated by operations to our stockholders through repurchases of our common stock and payment of cash dividends, after taking into account these operating and strategic cash needs.

Tables of Contents

## Off-Balance Sheet Arrangements

At July 31, 2012, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

## Contractual Obligations

The following table summarizes our known contractual obligations to make future payments at July 31, 2012:

(In millions)	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
Amounts due under executive deferred compensation plan	\$56	\$—	\$—	\$—	\$56
Senior unsecured notes	—	—	500	—	500
Interest and fees due on long-term obligations	29	59	59	—	147
License fee payable (1)	10	20	20	20	70
Operating leases	57	109	87	174	427
Purchase obligations (2)	89	130	78	—	297
Total contractual obligations (3)	\$241	\$318	\$744	\$194	\$1,497

- (1) In May 2009 we entered into an agreement to license certain technology for \$20 million in cash and \$100 million payable over ten fiscal years. See Note 10 to the financial statements in Item 8 of this report for more information. Represents agreements to purchase products and services that are enforceable, legally binding and specify terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments. The largest of these commitments relates to future outsourced electronic payment fulfillment and bill management services for our Financial Services segment.
- (2) Other long-term obligations on our balance sheet at July 31, 2012 included non-current income tax liabilities of \$41 million which related primarily to unrecognized tax benefits. We have not included this amount in the table above because we cannot make a reasonably reliable estimate regarding the timing of settlements with taxing authorities, if any.
- (3)

## Recent Accounting Pronouncements

For a description of recent accounting pronouncements and the potential impact of these pronouncements on our financial position, results of operations and cash flows, see "Recent Accounting Pronouncements" in Note 1 to the financial statements in Item 8 of this Report.

Tables of Contents

## ITEM 7A

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

## Investment Portfolio

There has been significant deterioration and instability in the financial markets during the last four fiscal years. This period of extraordinary disruption and readjustment in the financial markets exposes us to additional investment risk. The value and liquidity of the securities in which we invest could deteriorate rapidly and the issuers of these securities could be subject to credit rating downgrades. In light of the current market conditions and these additional risks, we actively monitor market conditions and developments specific to the securities in which we invest. We believe that we take a conservative approach to investing our funds in that we invest only in highly-rated securities and diversify our portfolio of investments. While we believe we take prudent measures to mitigate investment related risks, such risks cannot be fully eliminated because of market circumstances that are outside our control.

Our investments consist of instruments that meet quality standards that are consistent with our investment policy. This policy specifies that, except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer. We do not hold derivative financial instruments in our portfolio of investments. See Note 3 to the financial statements in Item 8 of this Report for a summary of the amortized cost and fair value of our investments by type of issue.

The following table presents our portfolio of cash equivalents and available-for-sale debt securities as of July 31, 2012 by stated maturity. The table is classified by the original maturity date listed on the security and includes cash equivalents, which consist primarily of money market funds. At July 31, 2012, the weighted average tax adjusted interest rate earned on our money market accounts was 0.06% and the weighted average tax adjusted interest rate earned on our investments was 1.22%.

(In millions)	Years Ending July 31,						Total
	2013	2014	2015	2016	2017	2018 and Thereafter	
Cash equivalents	\$333	\$—	\$—	\$—	\$—	\$—	\$333
Investments	218	135	132	—	3	38	526
Long-term investments	—	—	—	—	—	41	41
Total	\$551	\$135	\$132	\$—	\$3	\$79	\$900

## Interest Rate Risk

Our cash equivalents and investments are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents and investments and the value of those investments. Should the Federal Reserve Target Rate increase by 25 basis points from the level of July 31, 2012, the value of our investments would decrease by approximately \$1 million. Should the Federal Reserve Target Rate increase by 100 basis points from the level of July 31, 2012, the value of our investments would decrease by approximately \$6 million.

We are also exposed to the impact of changes in interest rates as they affect our \$500 million revolving credit facility. Advances under the credit facility accrue interest at rates that are equal to, at our election, either JP Morgan's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5%. Actual margins under either election will be based on our senior debt credit ratings.

Consequently, our interest expense would fluctuate with changes in the general level of these interest rates if we were to borrow any amounts under the credit facility. At July 31, 2012, no amounts were outstanding under the credit facility.

On March 12, 2007 we issued \$500 million of 5.75% senior unsecured notes due on March 15, 2017. We carry these senior notes at face value less unamortized discount on our balance sheets. Since these senior notes bear interest at fixed rates, we have no financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change. See Note 2 and Note 10 to the financial statements in Item 8 of this Report for more information.

Tables of Contents

Impact of Foreign Currency Rate Changes

The functional currencies of our international operating subsidiaries are generally the local currencies. We translate the assets and liabilities of our foreign subsidiaries at the exchange rates in effect on the balance sheet date. We translate their revenue, costs and expenses at the average rates of exchange in effect during the period. We include translation gains and losses in the stockholders' equity section of our balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income in our statements of operations.

Since we translate foreign currencies (primarily Canadian dollars, British pounds, Indian rupees and Singapore dollars) into U.S dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results. The historical impact of currency fluctuations has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant primarily because our global subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. Although the impact of currency fluctuations on our financial results has generally been immaterial in the past and we believe that for the reasons cited above currency fluctuations will not be significant in the future, there can be no guarantee that the impact of currency fluctuations will not be material in the future. As of July 31, 2012 we did not engage in foreign currency hedging activities.

Tables of Contents

ITEM 8

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements are filed as part of this Report:

	Page
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>56</u>
<u>Consolidated Statements of Operations for each of the three years in the period ended July 31, 2012</u>	<u>58</u>
<u>Consolidated Balance Sheets as of July 31, 2012 and 2011</u>	<u>59</u>
<u>Consolidated Statements of Stockholders' Equity for each of the three years in the period ended July 31, 2012</u>	<u>60</u>
<u>Consolidated Statements of Cash Flows for each of the three years in the period ended July 31, 2012</u>	<u>61</u>
<u>Notes to Consolidated Financial Statements</u>	<u>63</u>

2. INDEX TO FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements:

Schedule	Page
<u>II Valuation and Qualifying Accounts</u>	<u>96</u>

All other schedules not listed above have been omitted because they are inapplicable or are not required.

Tables of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Intuit Inc.

We have audited the accompanying consolidated balance sheets of Intuit Inc. as of July 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a) 2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intuit Inc. at July 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Intuit Inc.'s internal control over financial reporting as of July 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 13, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP  
San Jose, California  
September 13, 2012



Tables of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Intuit Inc.

We have audited Intuit Inc.'s internal control over financial reporting as of July 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Intuit Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

In our opinion, Intuit Inc. maintained, in all material respects, effective internal control over financial reporting as of July 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Intuit Inc. as of July 31, 2012 and July 31, 2011, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2012 and our report dated September 13, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California  
September 13, 2012



Tables of ContentsINTUIT INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Twelve Months Ended July 31,		
	2012	2011	2010
Net revenue:			
Product	\$1,479	\$1,480	\$1,412
Service and other	2,672	2,292	1,991
Total net revenue	4,151	3,772	3,403
Costs and expenses:			
Cost of revenue:			
Cost of product revenue	145	143	144
Cost of service and other revenue	601	495	447
Amortization of acquired technology	14	12	43
Selling and marketing	1,118	1,040	913
Research and development	669	620	564
General and administrative	388	352	346
Amortization of other acquired intangible assets	39	43	42
Goodwill and intangible asset impairment charge	—	30	—
Total costs and expenses	2,974	2,735	2,499
Operating income from continuing operations	1,177	1,037	904
Interest expense	(50)	(60)	(61)
Interest and other income, net	24	19	13
Income from continuing operations before income taxes	1,151	996	856
Income tax provision	384	344	292
Net income from continuing operations	767	652	564
Net income (loss) from discontinued operations	25	(18)	10
Net income	\$792	\$634	\$574
Basic net income per share from continuing operations	\$2.59	\$2.12	\$1.79
Basic net income (loss) per share from discontinued operations	0.08	(0.06)	0.03
Basic net income per share	\$2.67	\$2.06	\$1.82
Shares used in basic per share calculations	296	307	316
Diluted net income per share from continuing operations	\$2.52	\$2.06	\$1.74
Diluted net income (loss) per share from discontinued operations	0.08	(0.06)	0.03
Diluted net income per share	\$2.60	\$2.00	\$1.77
Shares used in diluted per share calculations	305	317	325
Dividends declared per common share	\$0.60	\$—	\$—

See accompanying notes.

Tables of ContentsINTUIT INC.  
CONSOLIDATED BALANCE SHEETS

	July 31,	
	2012	2011
(Dollars in millions, except par value; shares in thousands)		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 393	\$ 722
Investments	351	699
Accounts receivable, net of allowance for doubtful accounts of \$46 and \$20	183	171
Income taxes receivable	53	72
Deferred income taxes	184	94
Prepaid expenses and other current assets	69	82
Current assets before funds held for customers	1,233	1,840
Funds held for customers	290	414
Total current assets	1,523	2,254
Long-term investments	75	63
Property and equipment, net	567	561
Goodwill	2,200	1,886
Acquired intangible assets, net	213	180
Long-term deferred income taxes	6	55
Other assets	100	111
Total assets	\$4,684	\$5,110
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$—	\$ 500
Accounts payable	157	129
Accrued compensation and related liabilities	231	215
Deferred revenue	443	406
Other current liabilities	144	141
Current liabilities before customer fund deposits	975	1,391
Customer fund deposits	290	414
Total current liabilities	1,265	1,805
Long-term debt	499	499
Other long-term obligations	176	190
Total liabilities	1,940	2,494
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value		
Authorized - 1,345 shares total; 145 shares designated Series A; 250 shares designated Series B Junior Participating	—	—
Issued and outstanding - None		
Common stock, \$0.01 par value		
Authorized - 750,000 shares	3	3
Outstanding - 295,289 shares at July 31, 2012 and 300,597 shares at July 31, 2011		
Additional paid-in capital	3,015	2,883
Treasury stock, at cost	(4,911)	(4,316)
Accumulated other comprehensive income	25	15
Retained earnings	4,612	4,031

Total stockholders' equity	2,744	2,616
Total liabilities and stockholders' equity	\$4,684	\$5,110

See accompanying notes.

59

---

Tables of Contents

## INTUIT INC.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in millions, shares in thousands)	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
Balance at July 31, 2009	322,766	\$3	\$2,544	\$(2,846)	\$7	\$2,849	\$2,557
Components of comprehensive income:							
Net income	—	—	—	—	—	574	574
Other comprehensive income, net of tax	—	—	—	—	4	—	4
Comprehensive net income							578
Issuance of treasury stock under employee stock plans	19,840	—	12	430	—	(26)	)416
Stock repurchases under stock repurchase programs	(28,745)	—	—	(900)	—	—	(900)
Tax benefit from share-based compensation plans	—	—	36	—	—	—	36
Share-based compensation expense	—	—	135	—	—	—	135
Other	—	—	(2)	)1	—	—	(1)
Balance at July 31, 2010	313,861	3	2,725	(3,315)	)11	3,397	2,821
Components of comprehensive income:							
Net income	—	—	—	—	—	634	634
Other comprehensive income, net of tax	—	—	—	—	4	—	4
Comprehensive net income							638
Issuance of treasury stock under employee stock plans	14,970	—	(76)	)359	—	—	283
Stock repurchases under stock repurchase programs	(28,234)	—	—	(1,360)	—	—	(1,360)
Tax benefit from share-based compensation plans	—	—	81	—	—	—	81
Share-based compensation expense	—	—	153	—	—	—	153
Balance at July 31, 2011	300,597	3	2,883	(4,316)	)15	4,031	2,616
Components of comprehensive income:							
Net income	—	—	—	—	—	792	792
Other comprehensive income, net of tax	—	—	—	—	10	—	10
Comprehensive net income							802
Issuance of treasury stock under employee stock plans	11,556	—	(108)	)305	—	(33)	)164
Stock repurchases under stock repurchase programs	(16,864)	—	—	(900)	—	—	(900)
Cash dividends declared (\$0.60 per share)	—	—	—	—	—	(178)	(178)
Tax benefit from share-based compensation plans	—	—	71	—	—	—	71
Share-based compensation expense	—	—	169	—	—	—	169
Balance at July 31, 2012	295,289	\$3	\$3,015	\$(4,911)	)\$25	\$4,612	\$2,744

See accompanying notes.



Tables of ContentsINTUIT INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income	\$792	\$634	\$574
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	171	164	148
Amortization of acquired intangible assets	71	77	108
Goodwill and intangible asset impairment charge	—	30	—
Share-based compensation expense	169	153	135
Pre-tax gain on sale of discontinued operations (1)	—	—	(58)
Deferred income taxes	(62)	31	(69)
Tax benefit from share-based compensation plans	71	81	36
Excess tax benefit from share-based compensation plans	(70)	(71)	(18)
Other	11	19	23
Total adjustments	361	484	305
Changes in operating assets and liabilities:			
Accounts receivable	(10)	(36)	2
Prepaid expenses, income taxes receivable and other assets	31	(70)	20
Accounts payable	19	(24)	40
Accrued compensation and related liabilities	17	8	33
Deferred revenue	38	28	32
Income taxes payable	—	(15)	14
Other liabilities	(2)	4	(22)
Total changes in operating assets and liabilities	93	(105)	119
Net cash provided by operating activities	1,246	1,013	998
Cash flows from investing activities:			
Purchases of available-for-sale debt securities	(669)	(1,257)	(3,029)
Sales of available-for-sale debt securities	840	1,626	1,660
Maturities of available-for-sale debt securities	178	328	474
Net change in money market funds and other cash equivalents held to satisfy customer fund obligations	124	(51)	82
Net change in customer fund deposits	(124)	77	65
Purchases of property and equipment	(135)	(114)	(74)
Capitalization of internal use software	(51)	(99)	(56)
Acquisitions of businesses, net of cash acquired	(392)	—	(218)
Acquisitions of intangible assets	(10)	(15)	(13)
Proceeds from divestiture of businesses	—	—	122
Other	14	2	(10)
Net cash (used in) provided by investing activities	(225)	497	(997)
Cash flows from financing activities:			
Repayment of debt	(500)	—	—
Net proceeds from issuance of treasury stock under employee stock plans	164	283	416
Purchases of treasury stock	(900)	(1,360)	(900)
Cash dividends paid to stockholders	(178)	—	—





Tables of Contents

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Excess tax benefit from share-based compensation plans	70	71	18
Other	—	—	(1)
Net cash used in financing activities	(1,344)	(1,006)	(467)
Effect of exchange rates on cash and cash equivalents	(6)	4	1
Net (decrease) increase in cash and cash equivalents	(329)	508	(465)
Cash and cash equivalents at beginning of period	722	214	679
Cash and cash equivalents at end of period	\$393	\$722	\$214
Supplemental disclosure of cash flow information:			
Interest paid	\$60	\$60	\$61
Income taxes paid	\$312	\$270	\$277

Because the cash flows of our discontinued operations were not material for any period presented, we have not (1) segregated the cash flows of those businesses on these statements of cash flows. We have presented the effect of the gain on disposal of discontinued operations on these statements of cash flows. See Note 8 for more information.

See accompanying notes.

Tables of Contents

INTUIT INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Intuit Inc. provides business and financial management solutions for small businesses, consumers, accounting professionals and financial institutions. With flagship products and services that include QuickBooks, TurboTax and Quicken, we help customers solve important business and financial management problems, such as running a small business, paying bills, filing income taxes, or managing personal finances. ProSeries and Lacerte are Intuit's tax preparation offerings for professional accountants. Our Financial Services business provides digital banking solutions to banks and credit unions. Incorporated in 1984 and headquartered in Mountain View, California, we sell our products and services primarily in the United States.

Basis of Presentation

These consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. We have eliminated all significant intercompany balances and transactions in consolidation. We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation, including amounts related to discontinued operations and reportable segments.

In fiscal 2012 we acquired Demandforce, Inc. and in fiscal 2010 we acquired Mint Software Inc. and Medfusion, Inc. We have included the results of operations for these companies in our consolidated results of operations from their respective dates of acquisition. See Note 7 for more information. As discussed in Note 8, in August 2012 we signed a definitive agreement to sell our Intuit Websites business and in January 2010 we sold our Intuit Real Estate Solutions business. We have reclassified our financial statements for all periods presented to reflect these businesses as discontinued operations. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

Seasonality

Our QuickBooks, Consumer Tax and Accounting Professionals offerings are highly seasonal. Revenue from our QuickBooks software products tends to be highest during our second and third fiscal quarters. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. These seasonal patterns mean that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while core operating expenses such as research and development continue at relatively consistent levels.

Use of Estimates

We make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures made in the accompanying notes. For example, we use estimates in determining the appropriate levels of reserves for product returns and rebates, the collectibility of accounts receivable, the appropriate levels of various accruals, the amount of our worldwide tax provision and the realizability of deferred tax assets. We also use estimates in determining the remaining economic lives and carrying values of acquired intangible assets, property and equipment, and other long-lived assets. In addition, we use assumptions to estimate the fair value of reporting units, share-based compensation and illiquid municipal auction rate securities. Despite our intention to establish accurate estimates and

use reasonable assumptions, actual results may differ from our estimates.

#### Revenue Recognition

We derive revenue from the sale of packaged software products, software subscriptions, hosted services, technical support plans, financial supplies, implementation services, transaction fees, merchant services hardware, and multiple element arrangements that may include a combination of these items. We recognize revenue when all four revenue recognition criteria have been met: persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable, and collectibility is probable. Determining whether and when these criteria have been satisfied involves exercising judgment and using estimates and assumptions that can have a significant impact on the timing and amount of revenue that we recognize.

## Tables of Contents

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments and the relative fair value of undelivered elements under multiple element arrangements until we ship the products or perform the services.

We account for cash consideration (such as sales incentives) that we give to our customers or resellers as a reduction of revenue rather than as an operating expense unless we receive a benefit that we can identify and for which we can reasonably estimate the fair value.

### Product Revenue

We recognize revenue from the sale of our packaged software products, financial supplies such as printed check stock, and merchant services hardware such as retail point-of-sale equipment and credit card readers for mobile phones, when legal title transfers. This is generally when our customers download products from the Web, when we ship the products or, in the case of certain agreements, when products are delivered to retailers. We sell some of our QuickBooks, TurboTax and Quicken desktop software products on consignment to certain retailers. We recognize revenue for these consignment transactions only when the end-user sale has occurred. For software products that are sold on a subscription basis and include periodic updates, we recognize revenue ratably over the term of the contract. We record product revenue net of our sales tax obligations.

We reduce product revenue from distributors and retailers for estimated returns that are based on historical returns experience and other factors, such as the volume and price mix of products in the retail channel, return rates for prior releases of the product, trends in retailer inventory and economic trends that might impact customer demand for our products (including the competitive environment and the timing of new releases of our product). We also reduce product revenue for the estimated redemption of rebates on certain current product sales. Our estimated reserves for distributor and retailer sales incentive rebates are based on distributors' and retailers' actual performance against the terms and conditions of rebate programs. Our reserves for end user rebates are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion and historical redemption trends by product and by type of promotional program.

### Service and Other Revenue

Our service revenue consists primarily of hosted services such as QuickBooks Online and TurboTax Online, payroll services, electronic merchant payment processing services, electronic tax filing services, and outsourced online banking services for financial institutions. Our service revenue also includes QuickBooks technical support plans in our Financial Management Solutions segment and implementation fees in our Financial Services segment and our Intuit Health business.

We recognize revenue from hosted services as the services are performed, provided we have no other remaining obligations to these customers. We generally require customers to remit payroll tax funds to us in advance of the payroll date via electronic funds transfer. We include in total net revenue the interest that we earn on these funds between the time that we collect them from customers and the time that we remit them to outside parties. Service revenue for electronic payment processing services that we provide to merchants is recorded net of interchange fees charged by credit card associations.

We offer several QuickBooks technical support plans and recognize support revenue over the life of the plans. We recognize revenue for upfront fees for implementation services in our Financial Services segment and our Intuit Health business ratably over the greater of the initial life of the customer contract or the estimated life of the customer service relationship.

Other revenue consists primarily of revenue from revenue-sharing and royalty arrangements with third-party partners. We typically recognize this revenue as earned based upon reporting provided to us by our partners.

#### Multiple Element Arrangements

We enter into multiple element revenue arrangements in which a customer may purchase a combination of software, upgrades, hosted services, technical support, and hardware. Our multiple element arrangements are predominantly software and software-related.

#### Multiple Element Arrangements That Contain Software and Software-Related Elements

For multiple element arrangements that contain only software and software-related elements, such as QuickBooks desktop software and paid technical support plans, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence of fair value (VSOE). VSOE is the price charged when that element is sold separately. In situations where VSOE exists for all elements (delivered and undelivered), we allocate the total revenue to be earned under the arrangement among the various elements, based on their relative fair value. For arrangements where VSOE exists only for the

## Tables of Contents

undelivered elements, we defer the full fair value of the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered items as revenue. If VSOE does not exist for an undelivered service element, we recognize the revenue from the entire arrangement as the services are delivered. If VSOE does not exist for undelivered elements that are specified products or features, we defer revenue until the earlier of the delivery of all elements or the point at which we determine VSOE for these undelivered elements.

We recognize revenue related to the delivered products or services only if: (1) the above revenue recognition criteria are met; (2) any undelivered products or services are not essential to the functionality of the delivered products and services; (3) payment for the delivered products or services is not contingent upon delivery of the remaining products or services; and (4) we have an enforceable claim to receive the amount due in the event that we do not deliver the undelivered products or services.

### Multiple Element Arrangements That Contain Non-Software Elements

For multiple element arrangements that contain non-software elements such as hosted services or credit card readers for mobile phones, we: (1) determine whether and when each element has been delivered; (2) determine the fair value of each element using the selling price hierarchy of vendor-specific evidence of fair value (VSOE) of fair value if available, third-party evidence (TPE) if VSOE is not available, and estimated selling price (ESP) if neither VSOE nor TPE is available; and (3) allocate the total price among the various elements using the relative selling price method. Once we have allocated the total price among the various elements, we recognize revenue when the revenue recognition criteria described above are met for each element.

VSOE generally exists when we sell the deliverable separately and we are normally able to establish VSOE for all deliverables in these multiple element arrangements; however, in certain limited instances VSOE cannot be established. This may be because we infrequently sell each element separately, do not price products or services within a narrow range, or have a limited sales history. When VSOE cannot be established, we attempt to establish selling price for each element based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. When we are unable to establish selling price using VSOE or TPE, we use ESP in our allocation of arrangement consideration. ESP is the estimated price at which we would sell a product or service if it were sold on a stand-alone basis. We determine ESP for a product or service by considering multiple factors including, but not limited to, pricing practices, market conditions, competitive landscape, type of customer, geographies, stage of product lifecycle, internal costs, and gross margin objectives. Significant pricing practices that we take into consideration include historic contractually stated prices, volume discounts where applicable, and our price lists. The determination of ESP is made through consultation with and formal approval by management, taking into consideration our overall go-to-market strategy.

### Shipping and Handling

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of product revenue in our statements of operations.

### Customer Service and Technical Support

We include the costs of providing customer service under paid technical support contracts on the cost of service and other revenue line in our statements of operations. We include customer service and free technical support costs in selling and marketing expense in our statements of operations. Customer service and technical support costs include costs associated with performing order processing, answering customer inquiries by telephone and through websites, e-mail and other electronic means, and providing free technical support assistance to customers. In connection with the sale of certain products, we provide a limited amount of free technical support assistance to customers. We do not

defer the recognition of any revenue associated with sales of these products, since the cost of providing this free technical support is insignificant. The technical support is generally provided within one year after the associated revenue is recognized and free product enhancements are minimal and infrequent. We accrue the estimated cost of providing this free support upon product shipment.

#### Software Development Costs

We expense software development costs as we incur them until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. To date, our software has been available for general release concurrent with the establishment of technological feasibility and, accordingly, we have not capitalized any development costs. Costs we incur to enhance our existing products or after the general release of the service using the product are expensed in the period they are incurred and included in research and development expense in our statements of operations.



## Tables of Contents

### Internal Use Software

We capitalize costs related to computer software obtained or developed for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that we customize to meet our specific operational needs. Software developed for internal use has generally been used to deliver hosted services to our customers. Costs incurred in the application development phase are capitalized and amortized over their useful lives, which are generally three to five years.

### Advertising

We expense all advertising costs as we incur them to selling and marketing expense in our statements of operations. We recorded advertising expense of approximately \$151 million for the twelve months ended July 31, 2012, \$177 million for the twelve months ended July 31, 2011 and \$153 million for the twelve months ended July 31, 2010.

### Leases

We review all leases for capital or operating classification at their inception. We use our incremental borrowing rate in the assessment of lease classification and define the initial lease term to include the construction build-out period but to exclude lease extension periods. We conduct our operations primarily under operating leases. For leases that contain rent escalations, we record the total rent payable during the lease term, as defined above, on a straight-line basis over the term of the lease. We record the difference between the rent paid and the straight-line rent in a deferred rent account in other current liabilities or other long-term obligations, as appropriate, on our balance sheets.

We record landlord allowances as deferred rent liabilities in other current liabilities or other long-term obligations, as appropriate, on our balance sheets. We record landlord cash incentives as operating activity on our statements of cash flows. We record other landlord allowances as non-cash investing and financing activities on our statements of cash flows. We classify the amortization of landlord allowances as a reduction of occupancy expense in our statements of operations.

### Capitalization of Interest Expense

We capitalize interest on capital projects, including facilities build-out projects and internal use computer software projects. Capitalization commences with the first expenditure for the project and continues until the project is substantially complete and ready for its intended use. We amortize capitalized interest to depreciation expense using the straight-line method over the same lives as the related assets. Capitalized interest was not significant for any period presented.

### Foreign Currency

The functional currencies of our international operating subsidiaries are generally the local currencies. We translate the assets and liabilities of our foreign subsidiaries at the exchange rates in effect on the balance sheet date. We translate their revenue, costs and expenses at the average rates of exchange in effect during the period. We include translation gains and losses in the stockholders' equity section of our balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income in our statements of operations. Translation gains and losses and transaction gains and losses were not significant for any period presented.

### Income Taxes

We estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our worldwide income tax provision. We estimate our current tax liability and assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding income tax expense in our statement of operations.

We review the need for a valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. The valuation allowance analysis is based on our estimates of taxable income for the jurisdictions in which we operate and the periods over which our deferred tax assets will be realizable. While we have considered future taxable income in assessing the need for a valuation allowance for the periods presented, we could be required to record a valuation allowance to take into account additional deferred tax assets that we may be unable to realize. An increase in the valuation allowance would have an adverse impact, which could be material, on our income tax provision and net income in the period in which we record the increase.

Tables of Contents

We recognize and measure benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not of being sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a quarterly basis. Our evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change, which could have a material impact on our effective tax rate and operating results.

A description of our accounting policies associated with tax-related contingencies and valuation allowances assumed as part of a business combination is provided under “Business Combinations” below.

Computation of Net Income Per Share

We compute basic net income or loss per share using the weighted average number of common shares outstanding during the period. We compute diluted net income per share using the weighted average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares consist of the shares issuable upon the exercise of stock options and upon the vesting of restricted stock units (RSUs) under the treasury stock method.

We include stock options with combined exercise prices, unrecognized compensation expense and tax benefits that are less than the average market price for our common stock, and RSUs with combined unrecognized compensation expense and tax benefits that are less than the average market price for our common stock, in the calculation of diluted net income per share. We exclude stock options with combined exercise prices, unrecognized compensation expense and tax benefits that are greater than the average market price for our common stock, and RSUs with combined unrecognized compensation expense and tax benefits that are greater than the average market price for our common stock, from the calculation of diluted net income per share because their effect is anti-dilutive. Under the treasury stock method, the amount that must be paid to exercise stock options, the amount of compensation expense for future service that we have not yet recognized for stock options and RSUs, and the amount of tax benefits that will be recorded in additional paid-in capital when the awards become deductible are assumed to be used to repurchase shares.

Beginning in July 2012, all of the RSUs we grant have dividend rights. Since the dividend rights are subject to the same vesting requirements as the underlying equity awards they are considered a contingent transfer of value. Consequently, the RSUs are not considered participating securities and we do not present them separately in earnings per share.

Tables of Contents

The following table presents the composition of shares used in the computation of basic and diluted net income per share for the periods indicated.

(In millions, except per share amounts)	Twelve Months Ended July 31,		
	2012	2011	2010
Numerator:			
Net income from continuing operations	\$767	\$652	\$564
Net income (loss) from discontinued operations	25	(18 )	10
Net income	\$792	\$634	\$574
Denominator:			
Shares used in basic per share amounts:			
Weighted average common shares outstanding	296	307	316
Shares used in diluted per share amounts:			
Weighted average common shares outstanding	296	307	316
Dilutive common equivalent shares from stock options and restricted stock awards	9	10	9
Dilutive weighted average common shares outstanding	305	317	325
Basic and diluted net income per share:			
Basic net income per share from continuing operations	\$2.59	\$2.12	\$1.79
Basic net income (loss) per share from discontinued operations	0.08	(0.06 )	0.03
Basic net income per share	\$2.67	\$2.06	\$1.82
Diluted net income per share from continuing operations	\$2.52	\$2.06	\$1.74
Diluted net income (loss) per share from discontinued operations	0.08	(0.06 )	0.03
Diluted net income per share	\$2.60	\$2.00	\$1.77
Weighted average stock options and restricted stock units excluded from calculation due to anti-dilutive effect	3	—	8

## Cash Equivalents and Investments

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist primarily of AAA-rated money market funds in all periods presented. Investments consist of available-for-sale investment-grade debt securities that we carry at fair value. Long-term investments consist of municipal auction rate securities and an available-for-sale corporate equity investment that we carry at fair value. Due to a decrease in liquidity in the global credit markets, we estimate the fair values of the municipal auction rate securities based on a discounted cash flow model that we prepare. See Note 2 for more information. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer.

We use the specific identification method to compute gains and losses on investments. We include unrealized gains and losses on investments, net of tax, in accumulated other comprehensive income in the stockholders' equity section of our balance sheets. We generally classify available-for-sale debt securities as current assets based upon our ability and intent 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 nature of our businesses. Because of our significant business seasonality, stock repurchase programs, and acquisition opportunities, cash flow requirements may fluctuate dramatically from quarter to quarter and require us to use a significant amount of the investments we hold as available-for-sale securities.

#### Accounts Receivable and Allowances for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and are not interest bearing. We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables. We review our accounts receivable by aging category to identify significant customers or invoices with known disputes or collectibility issues. For those invoices not specifically identified as uncollectible, we provide an allowance based on the age of the receivable. In determining the amount of the allowance, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We also consider our

## Tables of Contents

historical level of credit losses and current economic trends that might impact the level of future credit losses. When we determine that amounts are uncollectible we write them off against the allowance.

### Funds Held for Customers and Customer Fund Deposits

Funds held for customers represent cash held on behalf of our customers that is invested in cash and cash equivalents and investment grade available-for-sale debt securities. Customer fund deposits consist of amounts we owe on behalf of our customers, such as direct deposit payroll funds and payroll taxes.

### Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. We calculate depreciation using the straight-line method over the estimated useful lives of the assets, which range from two to 30 years. We amortize leasehold improvements using the straight-line method over the lesser of their estimated useful lives or remaining lease terms. We include the amortization of assets that are recorded under capital leases in depreciation expense.

### Business Combinations

The acquisition method of accounting for business combinations requires us to use significant estimates and assumptions, including fair value estimates, as of the business combination date and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which we may adjust the provisional amounts recognized for a business combination) in a manner that is generally similar to the previous purchase method of accounting.

Under the acquisition method of accounting we recognize separately from goodwill the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree, generally at the acquisition date fair value. We measure goodwill as of the acquisition date as the excess of consideration transferred, which we also measure at fair value, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Costs that we incur to complete the business combination such as investment banking, legal and other professional fees are not considered part of consideration and we charge them to general and administrative expense as they are incurred. Under the acquisition method we also account for acquired company restructuring activities that we initiate separately from the business combination.

Should the initial accounting for a business combination be incomplete by the end of a reporting period that falls within the measurement period, we report provisional amounts in our financial statements. During the measurement period, we adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date and we record those adjustments to our financial statements. We apply those measurement period adjustments that we determine to be significant retrospectively to comparative information in our financial statements, including adjustments to depreciation and amortization expense.

Under the acquisition method of accounting for business combinations, if we identify changes to acquired deferred tax asset valuation allowances or liabilities related to uncertain tax positions during the measurement period and they relate to new information obtained about facts and circumstances that existed as of the acquisition date, those changes are considered a measurement period adjustment and we record the offset to goodwill. We record all other changes to deferred tax asset valuation allowances and liabilities related to uncertain tax positions in current period income tax expense. This accounting applies to all of our acquisitions regardless of acquisition date.

### Goodwill, Acquired Intangible Assets and Other Long-Lived Assets

## Goodwill

We record goodwill when the fair value of consideration transferred in a business combination exceeds the fair value of the identifiable assets acquired and liabilities assumed. Goodwill and other intangible assets that have indefinite useful lives are not amortized, but we test them for impairment annually during our fourth fiscal quarter and whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable.

For goodwill, we perform a two-step impairment test. In the first step, we compare the fair value of each reporting unit to its carrying value. In accordance with authoritative guidance, we define fair value as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We consider and use all valuation methods that are appropriate in estimating the fair value of our reporting units and generally use a weighted combination of income and market approaches. Under the income approach, we estimate the fair value of each reporting unit based on the present value of future cash flows. We use a number of assumptions in our discounted cash flow model, including market factors specific to the

## Tables of Contents

business, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time, long-term growth rates for the business, and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. Under the market approach, we estimate the fair value of each reporting unit based on market multiples of revenue, operating income, and earnings for comparable publicly traded companies engaged in similar businesses. If the estimated fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further analysis is required.

If the carrying value of the net assets assigned to a reporting unit exceeds the estimated fair value of the unit, we perform the second step of the impairment test. In this step we allocate the fair value of the reporting unit calculated in step one to all of the assets and liabilities of that unit, as if we had just acquired the reporting unit in a business combination. The excess of the fair value of the reporting unit over the total amount allocated to the assets and liabilities represents the implied fair value of goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, we would record an impairment loss equal to the difference. See Note 2, "Fair Value Measurements - Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," for a discussion of the goodwill impairment charge that we recorded for the twelve months ended July 31, 2011. We recorded no goodwill impairment charges for the twelve months ended July 31, 2012 or 2010.

### Acquired Intangible Assets and Other Long-Lived Assets

We generally record acquired intangible assets that have finite useful lives, such as acquired technology, in connection with business combinations. We amortize the cost of acquired intangible assets on a straight-line basis over their estimated useful lives, which range from one to nine years. We review intangible assets that have finite useful lives and other long-lived assets whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable. We estimate the recoverability of these assets by comparing the carrying amount of the asset to the future undiscounted cash flows that we expect the asset to generate. We estimate the fair value of assets that have finite useful lives based on the present value of future cash flows for those assets. If the carrying value of an asset with a finite life exceeds its estimated fair value, we would record an impairment loss equal to the difference. See Note 2, "Fair Value Measurements - Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," for a discussion of the acquired intangible asset impairment charge that we recorded for the twelve months ended July 31, 2011. We recorded no impairment charges for acquired intangible assets for the twelve months ended July 31, 2012 or 2010.

### Share-Based Compensation Plans

We estimate the fair value of stock options granted using a lattice binomial model and a multiple option award approach. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. We amortize the fair value of stock options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method, adjusted for estimated forfeitures. We amortize the fair value of time-based RSUs on a straight-line basis adjusted for estimated forfeitures over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria would be met, adjusted for estimated forfeitures. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte



Carlo valuation methodology and amortize those fair values over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria. Beginning in July 2012 all of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we do not adjust the intrinsic (market) value of our RSUs for dividends.

See Note 12, "Stockholders' Equity," for a description of our share-based compensation plans and more information on the assumptions we use to calculate the fair value of share-based compensation.

## Tables of Contents

### Concentration of Credit Risk and Significant Customers and Suppliers

We operate in markets that are highly competitive and rapidly changing. Significant technological changes, shifting customer needs, the emergence of competitive products or services with new capabilities and other factors could negatively impact our operating results.

We are also subject to risks related to changes in the value of our significant balance of investments. Our portfolio of investments consists of investment-grade securities. Except for direct obligations of the United States government, securities issued by agencies of the United States government and money market funds, we diversify our investments by limiting our holdings with any individual issuer.

We sell a significant portion of our products through third-party retailers and distributors. As a result, we face risks related to the collectibility of our accounts receivable. To appropriately manage this risk, we perform ongoing evaluations of customer credit and limit the amount of credit extended as we deem appropriate, but generally do not require collateral. We maintain reserves for estimated credit losses and these losses have historically been within our expectations. However, since we cannot predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate. No customer accounted for 10% or more of total net revenue for the twelve months ended July 31, 2012, 2011 or 2010, nor did any customer account for 10% or more of total accounts receivable at July 31, 2012 or 2011.

We rely primarily on one third-party vendor to perform the manufacturing and distribution functions for our retail desktop software products. We also have a key single-source vendor that prints and fulfills orders for most of our financial supplies business. While we believe that relying on key vendors improves the efficiency and reliability of our business operations, relying on any one vendor for a significant aspect of our business can have a significant negative impact on our revenue and profitability if that vendor fails to perform at acceptable service levels for any reason, including financial difficulties of the vendor.

### Recent Accounting Pronouncements

#### ASU 2011-05 and ASU 2011-12, "Comprehensive Income (Topic 220)"

On June 16, 2011 the Financial Accounting Standards Board (FASB) issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income" (ASU 2011-05) and on December 23, 2011 the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." These updates amend ASC Topic 220, "Comprehensive Income" to provide that total comprehensive income will be reported in one continuous statement or two separate but consecutive statements of financial performance. Presentation of total comprehensive income in the statement of stockholders' equity or the footnotes will no longer be allowed. The calculation of net income and basic and diluted net income per share will not be affected. Retrospective adoption is required. ASU 2011-005 is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2011, which means that it will be effective for our fiscal year beginning August 1, 2012. We do not believe that adoption of ASU 2011-05 will have a significant impact on our consolidated financial statements.

#### ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350)"

On September 15, 2011, the FASB issued ASU No. 2011-08, "Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment" (ASU 2011-08)." This update amends ASC Topic 350, "Intangibles - Goodwill and Other" to give companies the option to perform a qualitative assessment that may allow them to skip the annual two-step test and reduce costs. ASU 2011-08 is effective for fiscal years beginning after December 15, 2011, which means that it

will be effective for our fiscal year beginning August 1, 2012. We do not believe that adoption of ASU 2011-08 will have a significant impact on our consolidated financial statements.

Tables of Contents

## 2. Fair Value Measurements

## Fair Value Hierarchy

The authoritative guidance defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, we consider the principal or most advantageous market for an asset or liability and assumptions that market participants would use when pricing the asset or liability. In addition, we consider and use all valuation methods that are appropriate in estimating the fair value of an asset or liability.

The authoritative guidance establishes a fair value hierarchy that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities. In general, the authoritative guidance requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of its fair value. The three levels of input defined by the authoritative guidance are as follows:

Level 1 uses unadjusted quoted prices that are available in active markets for identical assets or liabilities.

Level 2 uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data for substantially the full term of the assets or liabilities.

Level 3 uses one or more unobservable inputs that are supported by little or no market activity and that are significant to the determination of fair value. Level 3 assets and liabilities include those whose fair values are determined using pricing models, discounted cash flow methodologies or similar valuation techniques and significant management judgment or estimation.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial assets and financial liabilities that we measured at fair value on a recurring basis at the dates indicated, classified in accordance with the fair value hierarchy described above.

(In millions)	At July 31, 2012				At July 31, 2011			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Cash equivalents, primarily money market funds	\$333	\$—	\$—	\$333	\$854	\$—	\$—	\$854
Available-for-sale debt securities:								
Municipal bonds	—	260	—	260	—	434	—	434
Municipal auction rate securities	—	—	41	41	—	—	59	59
Corporate notes	—	142	—	142	—	288	—	288
U.S. agency securities	—	124	—	124	—	152	—	152

Edgar Filing: INTUIT INC - Form 10-K

Corporate equity securities	33	—	—	33	—	—	—	—
Total available-for-sale securities	33	526	41	600	—	874	59	933
Total assets measured at fair value on a recurring basis	\$366	\$526	\$41	\$933	\$854	\$874	\$59	\$1,787
<b>Liabilities:</b>								
Senior notes (1)	\$—	\$582	\$—	\$582	\$—	\$1,084	\$—	\$1,084

(1) Carrying value on our balance sheets at July 31, 2012 was \$499 million and at July 31, 2011 was \$999 million. See Note 10.

Tables of Contents

The following table summarizes our cash equivalents and available-for-sale debt and equity securities by balance sheet classification and level in the fair value hierarchy at the dates shown:

(In millions)	At July 31, 2012				At July 31, 2011			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:								
In cash and cash equivalents	\$219	\$—	\$—	\$219	\$615	\$—	\$—	\$615
In funds held for customers	114	—	—	114	239	—	—	239
Total cash and cash equivalents	\$333	\$—	\$—	\$333	\$854	\$—	\$—	\$854
Available-for-sale securities:								
In investments	\$—	\$351	\$—	\$351	\$—	\$699	\$—	\$699
In funds held for customers	—	175	—	175	—	175	—	175
In long-term investments	33	—	41	74	—	—	59	59
Total available-for-sale securities	\$33	\$526	\$41	\$600	\$—	\$874	\$59	\$933

We value our Level 1 assets, consisting primarily of money market funds, using quoted prices in active markets for identical instruments. Financial assets whose fair values we measure on a recurring basis using Level 2 inputs consist of municipal bonds, corporate notes and U.S. agency securities. We measure the fair values of these assets with the help of a pricing service that either provides quoted market prices in active markets for identical or similar securities or uses observable inputs for their pricing without applying significant adjustments. Our fair value processes include controls that are designed to ensure that we record appropriate fair values for our Level 2 investments. These controls include comparison to pricing provided by a secondary pricing service or investment manager, validation of pricing sources and models, review of key model inputs, analysis of period-over-period price fluctuations, and independent recalculation of prices where appropriate.

Financial liabilities whose fair values we measure using Level 2 inputs consist of debt. See Note 10, "Long-Term Obligations and Commitments," for more information. We measure the fair value of our senior notes based on their trading prices and the interest rates we could obtain for other borrowings with similar terms.

Financial assets whose fair values we measure using significant unobservable (Level 3) inputs consist of municipal auction rate securities that are no longer liquid. There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the twelve months ended July 31, 2012, 2011 or 2010.

The following table presents a reconciliation of activity for our Level 3 assets for the periods shown.

(In millions)	Municipal Auction Rate Securities		
	Investments	Long-Term Investments	Total
Balance at July 31, 2009	\$ 151	\$ 94	\$ 245
Settlements at par	(151 )	(7 )	(158 )
Balance at July 31, 2010	—	87	87
Settlements at par	—	(28 )	(28 )
Balance at July 31, 2011	—	59	59
Settlements at par	—	(18 )	(18 )
Balance at July 31, 2012	\$—	\$ 41	\$ 41

We estimated the fair values of these municipal auction rate securities at each balance sheet date above using a discounted cash flow model whose key inputs included the projected future interest rates; the likely timing of principal repayments; the probability of full repayment; publicly available pricing data for recently issued student loan backed securities that are not subject to auctions; and the impact of the reduced liquidity for auction rate securities. Any significant changes in the inputs to the model may have a significant impact on the estimated fair values of these securities.

Tables of Contents

Using our discounted cash flow model we determined that the fair values of the municipal auction rate securities we held at July 31, 2012, 2011 and 2010 were approximately equal to their par values. As a result, we recorded no decrease in the fair values of those securities for the twelve months then ended. These securities were included in long-term investments on our balance sheets at July 31, 2012 and 2011 based on the maturities of the underlying securities at those dates. We do not intend to sell our municipal auction rate securities and it is not more likely than not that we will be required to sell them before recovery at par, which may be at maturity. Based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of our municipal auction rate securities will have a material impact on our overall ability to meet our liquidity needs.

## Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Assets measured at fair value on a non-recurring basis include reporting units measured at fair value in a goodwill impairment test. Estimates of fair value for reporting units fall under Level 3 of the fair value hierarchy.

During the fourth quarter of fiscal 2012 we performed our annual goodwill impairment test. Using the methodology described in Note 1, we determined that the estimated fair values of all of our reporting units exceeded their carrying values and that they were not impaired.

During the fourth quarter of fiscal 2011 we performed our annual goodwill impairment test in conjunction with our annual planning and budgeting process. In step one of the test we compared the estimated fair values of each of our reporting units to their carrying values. We used a weighted combination of a discounted cash flow model (income approach) and comparisons to publicly traded companies engaged in similar businesses (market approach) to estimate the fair value of each of our reporting units. We determined that the estimated fair values of all of our reporting units except Intuit Health exceeded their carrying values and that they were not impaired. The estimated fair value of our Intuit Health reporting unit, which is part of our Other Businesses segment, fell below its carrying value of \$75 million. As a result, we completed step two of the test by allocating the fair value of that reporting unit calculated in step one of the test to all of the assets and liabilities of the unit, as if we had just acquired it in a business combination. In comparing the residual goodwill resulting from this calculation to the carrying value of the goodwill, we determined that the goodwill and acquired intangible assets for our Intuit Health reporting unit were impaired. All of the goodwill and acquired intangible assets associated with our Intuit Health reporting unit were derived from our fiscal 2010 acquisition of Medfusion, Inc. Circumstances that negatively affected our estimate of the fair value of the Intuit Health reporting unit included unforeseen delays in developing high quality, timely offerings and marketing them effectively. We recorded a goodwill and intangible asset impairment charge of approximately \$30 million for our Intuit Health reporting unit in the fourth quarter of fiscal 2011. This consisted of a goodwill impairment charge of approximately \$24 million and an acquired intangible asset impairment charge of approximately \$6 million.

## 3. Cash and Cash Equivalents, Investments and Funds Held for Customers

The following table summarizes our cash and cash equivalents, investments and funds held for customers by balance sheet classification at the dates indicated.

(In millions)	July 31, 2012		July 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Classification on balance sheets:				
Cash and cash equivalents	\$393	\$393	\$722	\$722
Investments	350	351	698	699
Funds held for customers	289	290	413	414



Edgar Filing: INTUIT INC - Form 10-K

Long-term investments	47	75	63	63
Total cash and cash equivalents, investments and funds held for customers	\$1,079	\$1,109	\$1,896	\$1,898

74

---

Tables of Contents

The following table summarizes our cash and cash equivalents, investments and funds held for customers by investment category at the dates indicated. See Note 2 for more information on our municipal auction rate securities.

(In millions)	July 31, 2012		July 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Type of issue:				
Total cash and cash equivalents	\$508	\$508	\$961	\$961
Available-for-sale debt securities:				
Municipal bonds	259	260	434	434
Municipal auction rate securities	41	41	59	59
Corporate notes	141	142	287	288
U.S. agency securities	124	124	151	152
Total available-for-sale debt securities	565	567	931	933
Corporate equity securities	5	33	—	—
Other long-term investments	1	1	4	4
Total cash and cash equivalents, investments and funds held for customers	\$1,079	\$1,109	\$1,896	\$1,898

We include realized gains and losses on our available-for-sale debt securities in interest and other income, net in our statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the twelve months ended July 31, 2012, 2011 and 2010 were not significant.

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income in the stockholders' equity section of our balance sheets. Gross unrealized gains and losses on our available-for-sale debt securities at July 31, 2012 and July 31, 2011 were not significant. The gross unrealized gain on our available-for-sale equity security, which we classify as a long-term investment based on our intention to hold it for more than twelve months, was approximately \$28 million at July 31, 2012. See Note 6, "Other Comprehensive Income," for more information.

We periodically review our investment portfolios to determine if any investment is other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. We believe that the investments that we held at July 31, 2012 were not other-than-temporarily impaired. Unrealized losses at July 31, 2012 were not significant and are due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. We do not intend to sell these investments and it is not more likely than not that we will be required to sell them before recovery at par, which may be at maturity.

The following table summarizes our available-for-sale debt securities classified by the stated maturity date of the security at the dates indicated.

(In millions)	July 31, 2012		July 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$218	\$218	\$267	\$267
Due within two years	134	135	323	324
Due within three years	131	132	190	191
Due after three years	82	82	151	151

Edgar Filing: INTUIT INC - Form 10-K

Total available-for-sale debt securities	\$565	\$567	\$931	\$933
--	-------	-------	-------	-------

Available-for-sale debt securities due after three years in the table above include our municipal auction rate securities. See Note 2 for more information. All of the remaining securities in that category had effective maturities of three years or less due to interest reset dates or mandatory call dates.

Tables of Contents

## 4. Property and Equipment

Property and equipment consisted of the following at the dates indicated:

(Dollars in millions)	Life in Years	July 31,	
		2012	2011
Equipment	3-5	\$410	\$531
Computer software	3-6	505	478
Furniture and fixtures	5	60	61
Leasehold improvements	2-16	223	229
Land	NA	17	2
Buildings	5-30	191	187
Capital in progress	NA	86	36
		1,492	1,524
Less accumulated depreciation and amortization		(925 )	(963 )
Total property and equipment, net		\$567	\$561

NA = Not Applicable

Capital in progress at July 31, 2012 consisted primarily of costs related to internal use software projects and approximately \$18 million for land that we have purchased adjacent to our headquarters campus in Mountain View, California that contains buildings that we plan to demolish and reconstruct. Capital in progress at July 31, 2011 consisted primarily of costs related to internal use software projects. As discussed in Note 1, "Description of Business and Summary of Significant Accounting Policies - Software Development Costs," we capitalize costs related to the development of computer software for internal use. We capitalized internal use software costs totaling \$51 million for the twelve months ended July 31, 2012; \$99 million for the twelve months ended July 31, 2011; and \$56 million for the twelve months ended July 31, 2010. These amounts included capitalized labor costs of \$30 million, \$35 million and \$28 million. Costs related to internal use software projects are included in the capital in progress category of property and equipment until project completion, at which time they are transferred to the computer software category and amortized on a straight-line basis over their useful lives, which are generally three to five years.

## 5. Goodwill and Acquired Intangible Assets

## Goodwill

Changes in the carrying value of goodwill by reportable segment during the twelve months ended July 31, 2012 and July 31, 2011 were as shown in the following table. Our reportable segments are described in Note 15.

(In millions)	Balance July 31, 2010	Goodwill Acquired/ Adjusted	Goodwill Impairment Charges	Balance July 31, 2011	Goodwill Acquired/ Adjusted	Balance July 31, 2012
Financial Management Solutions	\$151	\$—	\$—	\$151	\$316	\$467
Employee Management Solutions	271	—	—	271	—	271
Payment Solutions	182	—	—	182	9	191
Consumer Tax	30	—	—	30	—	30
Accounting Professionals	90	—	—	90	—	90
Financial Services	1,009	(4 )	—	1,005	(11 )	994

Edgar Filing: INTUIT INC - Form 10-K

Other Businesses	181	—	(24	)	157	—	157	
Totals	\$1,914	\$(4	)	\$(24	)	\$1,886	\$314	\$2,200

We had no accumulated goodwill impairment losses at July 31, 2010. See Note 2, "Fair Value Measurements – Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," for a description of the goodwill impairment charge we recorded in fiscal 2011 for our Intuit Health reporting unit, which is part of our Other Businesses segment. The increase in

Tables of Contents

goodwill in our Financial Management Solutions segment during the twelve months ended July 31, 2012 was due to the acquisition of Demandforce, Inc. See Note 7, "Business Combinations," for more information.

## Acquired Intangible Assets

The following table shows the cost, accumulated amortization and weighted average life in years for our acquired intangible assets at the dates indicated.

(Dollars in millions)	Customer Lists	Purchased Technology	Trade Names and Logos	Covenants Not to Compete or Sue	Total
At July 31, 2012:					
Cost	\$487	\$450	\$44	\$36	\$1,017
Accumulated amortization	(397 )	(356 )	(28 )	(23 )	(804 )
Acquired intangible assets, net	\$90	\$94	\$16	\$13	\$213
Weighted average life in years	6	6	6	8	7
At July 31, 2011:					
Cost	\$433	\$422	\$35	\$35	\$925
Accumulated amortization	(371 )	(329 )	(25 )	(20 )	(745 )
Acquired intangible assets, net	\$62	\$93	\$10	\$15	\$180
Weighted average life in years	7	7	7	8	7

The increases in acquired intangible assets during the twelve months ended July 31, 2012 were primarily due to the acquisition of Demandforce, Inc. See Note 7, "Business Combinations," for more information. See Note 2, "Fair Value Measurements – Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," for a description of the acquired intangible asset impairment charge we recorded in fiscal 2011 for our Intuit Health reporting unit. This charge related to customer lists.

The following table shows the expected future amortization expense for our acquired intangible assets at July 31, 2012. Amortization of purchased technology is charged to cost of service and other revenue and to amortization of acquired technology in our statements of operations. Amortization of other acquired intangible assets such as customer lists is charged to amortization of other acquired intangible assets in our statements of operations. If impairment events occur, they could accelerate the timing of acquired intangible asset charges.

(In millions)	Expected Future Amortization Expense
Twelve months ending July 31,	
2013	\$ 56
2014	45
2015	39
2016	30
2017	22

Thereafter	21
Total expected future amortization expense	\$ 213

77

---

Tables of Contents

## 6. Comprehensive Income

Comprehensive income consists of two elements, net income and other comprehensive income. Other comprehensive income items are recorded in the stockholders' equity section of our balance sheets and excluded from net income. Our other comprehensive income consists of unrealized gains and losses on marketable debt and equity securities classified as available-for-sale and foreign currency translation adjustments for subsidiaries with functional currencies other than the U.S. dollar.

The following table shows the components of comprehensive income, net of income taxes, for the periods indicated.

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Net income	\$792	\$634	\$574
Change in unrealized gains (losses) on available-for-sale debt securities	(1 )	—	1
Change in unrealized gains (losses) on available-for-sale equity securities	18	—	—
Change in foreign currency translation adjustments	(7 )	4	3
Total other comprehensive income	10	4	4
Total comprehensive income	\$802	\$638	\$578

The following table shows the components of accumulated other comprehensive income, net of income taxes, in the stockholders' equity section of our balance sheets at the dates indicated.

(In millions)	July 31,	
	2012	2011
Unrealized gains on available-for-sale debt securities	\$1	\$2
Unrealized gains on available-for-sale equity securities	18	—
Foreign currency translation adjustments	6	13
Total accumulated other comprehensive income	\$25	\$15

## 7. Business Combinations

We completed the business combinations described below during the three fiscal years ended July 31, 2012. We have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition. Their results of operations for periods prior to the dates of acquisition were not material, individually or in the aggregate, when compared with our consolidated results of operations. The fair values assigned to the identifiable intangible assets acquired were based on estimates and assumptions determined by management.

## Fiscal 2012 Business Combinations

## Demandforce, Inc.

On May 18, 2012 we acquired all of the outstanding equity interests of Demandforce, Inc. for total cash and other consideration of approximately \$449 million. The \$449 million included approximately \$44 million for the fair value of assumed equity awards that is being charged to expense over service periods of up to four years. Demandforce is a provider of online marketing and customer communication solutions for small businesses and became part of our



Financial Management Solutions segment. We acquired Demandforce to expand our online small business offerings in support of our connected services strategy.

Under the acquisition method of accounting we allocated the fair value of the total consideration transferred to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We recorded the excess of consideration over the aggregate fair values as goodwill. Using information available at the time the acquisition closed, we allocated approximately \$4 million of the consideration to net tangible liabilities and approximately \$93 million of the consideration to identified intangible assets. We recorded the excess consideration of approximately

## Tables of Contents

\$316 million as goodwill, none of which is deductible for income tax purposes. The identified intangible assets are being amortized over a weighted average life of six years.

### Fiscal 2010 Business Combinations

#### Medfusion, Inc.

On May 21, 2010 we acquired privately held Medfusion, Inc. for total consideration of approximately \$89 million. The total consideration included approximately \$10 million for the fair value of cash retention bonuses that is being charged to expense over a three year service period. Medfusion is a provider of online patient-to-provider communication solutions and became part of our Other Businesses segment. We acquired Medfusion to expand our online healthcare offerings in support of our Connected Services strategy.

Under the acquisition method of accounting we allocated the fair value of the total consideration transferred to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We recorded the excess of consideration over the aggregate fair values as goodwill. We allocated approximately \$8 million of the consideration to net tangible liabilities and approximately \$23 million of the consideration to identified intangible assets. We recorded the excess consideration of approximately \$62 million as goodwill, none of which is deductible for income tax purposes. The identified intangible assets are being amortized over a weighted average life of six years. See Note 2, "Fair Value Measurements - Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis," for a discussion of the goodwill and intangible asset impairment charge that we recorded for our Intuit Health reporting unit during the twelve months ended July 31, 2011.

#### Mint Software Inc.

On November 2, 2009 we acquired all of the outstanding equity interests of Mint Software Inc. for total consideration of approximately \$170 million. The total consideration included approximately \$24 million for cash retention bonuses and the fair value of assumed equity awards and Intuit common stock issued to the holder of Mint Series D Preferred Stock. The total of \$24 million is being charged to expense over a three year service period. Mint is a provider of online personal finance services and became part of our Other Businesses segment. We acquired Mint to expand our online personal finance offerings in support of our Connected Services strategy.

Under the acquisition method of accounting we allocated the fair value of the total consideration transferred to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We recorded the excess of consideration over the aggregate fair values as goodwill. We allocated approximately \$1 million of the consideration to net tangible assets and approximately \$43 million of the consideration to identified intangible assets. We recorded the excess consideration of approximately \$102 million as goodwill, none of which is deductible for income tax purposes. The identified intangible assets are being amortized over a weighted average life of seven years.

## 8. Discontinued Operations

### Intuit Websites

In July 2012 management having the authority to do so formally approved a plan to sell our Intuit Websites business, which was a component of our Financial Management Solutions reporting segment. The decision was the result of a shift in our strategy for helping small businesses to establish an online presence. On August 10, 2012 we signed a definitive agreement to sell our Intuit Websites business, subject to closing conditions. We expect the sale to be

completed in the first quarter of fiscal 2013 and we do not expect to record a loss on the transaction.

We determined that our Intuit Websites business became a long-lived asset held for sale in the fourth quarter of fiscal 2012. A long-lived asset classified as held for sale is measured at the lower of its carrying amount or fair value less cost to sell. Since the carrying value of Intuit Websites at July 31, 2012 was less than the estimated fair value less cost to sell, no adjustment to the carrying value of this long-lived asset was necessary at that date.

We also classified our Intuit Websites business as discontinued operations in the fourth quarter of fiscal 2012 and have segregated its operating results in our statements of operations for all periods presented. Net revenue from Intuit Websites was \$76 million for the twelve months ended July 31, 2012; \$79 million for the twelve months ended July 31, 2011; and \$52 million for the twelve months ended July 31, 2010. Net income from discontinued operations for the twelve months ended July 31, 2012 included a net loss from Intuit Websites discontinued operations of \$11 million and \$36 million in tax benefits from

## Tables of Contents

the anticipated sale of this business. We recorded net losses from Intuit Websites discontinued operations of \$18 million for the twelve months ended July 31, 2011 and \$25 million for the twelve months ended July 31, 2010.

Net assets held for sale at July 31, 2012 and July 31, 2011 consisted primarily of operating assets and liabilities that were not material, so we have not segregated them on our balance sheets. Because operating cash flows from the Intuit Websites business were also not material for any period presented, we have not segregated them from continuing operations on our statements of cash flows.

### Intuit Real Estate Solutions

On January 15, 2010 we sold our Intuit Real Estate Solutions (IRES) business for approximately \$128 million in cash and recorded a net gain on disposal of \$35 million, which included \$72 million for goodwill and \$23 million for income taxes. The decision to sell IRES was a result of management's desire to focus resources on Intuit's core products and services. IRES was part of our Other Businesses segment.

We accounted for IRES as discontinued operations and have therefore segregated the operating results of IRES from continuing operations in our statements of operations for all periods prior to the sale. Net revenue from IRES was \$33 million and net income excluding the net gain on disposal was less than \$1 million for the twelve months ended July 31, 2010. Because IRES operating cash flows were not material for any period presented, we have not segregated them from continuing operations on our statements of cash flows. We have presented the effect of the net gain on disposal of IRES in net income from discontinued operations on our statements of cash flows for the twelve months ended July 31, 2010.

## 9. Current Liabilities

### Current Portion of Long-Term Debt

The current portion of long-term debt at July 31, 2011 consisted of \$500 million of 5.40% senior unsecured notes due on March 15, 2012, less the unamortized discount. During fiscal 2012 we repaid those notes when they became due using cash from operations. See Note 10, "Long-Term Obligations and Commitments - Long-Term Debt," for more information.

### Unsecured Revolving Credit Facility

On February 17, 2012 we entered into an agreement with certain institutional lenders for a \$500 million unsecured revolving credit facility that will expire on February 17, 2017. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either JP Morgan's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5%. Actual margins under either election will be based on our senior debt credit ratings. The agreement includes customary affirmative and negative covenants, including financial covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 as of any date and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00 as of the last day of each fiscal quarter. We remained in compliance with these covenants at all times during the quarter ended July 31, 2012. We may use amounts borrowed under this credit facility for general corporate purposes, including future acquisitions. To date we have not borrowed under this credit facility.

### Other Current Liabilities

Other current liabilities were as follows at the dates indicated:

Edgar Filing: INTUIT INC - Form 10-K

(In millions)	July 31,	
	2012	2011
Reserve for product returns	\$19	\$20
Reserve for rebates	17	11
Current portion of license fee payable	10	10
Current portion of deferred rent	8	7
Interest payable	10	21
Executive deferred compensation plan liabilities	56	50
Other	24	22
Total other current liabilities	\$144	\$141

80

---

Tables of Contents

## 10. Long-Term Obligations and Commitments

## Long-Term Debt

On March 12, 2007 we issued \$500 million of 5.40% senior unsecured notes due on March 15, 2012 (the 2012 Notes) and \$500 million of 5.75% senior unsecured notes due on March 15, 2017 (the 2017 Notes) (together, the Notes), for a total principal amount of \$1 billion. We transferred the 2012 Notes from long-term liabilities to current liabilities during fiscal 2011 and repaid them when they became due in March 2012 using cash from operations. The 2017 Notes are redeemable by Intuit at any time, subject to a make-whole premium. The 2017 Notes include covenants that limit our ability to grant liens on our facilities and to enter into sale and leaseback transactions, subject to significant allowances. We paid \$56 million in cash for interest on the Notes during each of the twelve months ended July 31, 2012, 2011 and 2010.

The following table summarizes our senior unsecured notes at the dates indicated:

(In millions)	July 31,	
	2012	2011
Senior notes:		
5.40% fixed-rate notes, due 2012	\$—	\$500
5.75% fixed-rate notes, due 2017	500	500
Total senior notes	500	1,000
Unamortized discount	(1 )	(1 )
Total senior notes	\$499	\$999
Reported as:		
Current portion of long-term debt	\$—	\$500
Long-term debt	499	499
Total senior notes	\$499	\$999

## Other Long-Term Obligations

Other long-term obligations were as follows at the dates indicated:

(In millions)	July 31,	
	2012	2011
Total license fee payable	\$54	\$60
Total deferred rent	53	52
Long-term deferred revenue	42	40
Long-term income tax liabilities	41	42
Other	5	13
Total long-term obligations	195	207
Less current portion (included in other current liabilities)	(19 )	(17 )
Long-term obligations due after one year	\$176	\$190

Edgar Filing: INTUIT INC - Form 10-K

In May 2009 we entered into an agreement to license certain technology for \$20 million in cash and \$100 million payable over ten fiscal years. The total present value of the arrangement was approximately \$89 million. The total license fee payable in the table above includes imputed interest through the dates indicated.

Tables of Contents

## Operating Lease Commitments and Unconditional Purchase Obligations

We lease office facilities and equipment under non-cancellable operating lease arrangements. Our facilities leases generally provide for periodic rent increases and many contain escalation clauses and renewal options. The leases for our corporate headquarters campus in Mountain View, California expire in 2024 and 2026, with options to extend the lease terms for an additional ten years at rates to be determined in accordance with the agreements.

In the ordinary course of business we enter into certain unconditional purchase obligations with our suppliers. These are agreements to purchase products and services that are enforceable, legally binding, and specify terms that include fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments. At July 31, 2012, the largest of these commitments related to future outsourced electronic payment fulfillment and bill management services for our Financial Services segment.

Annual minimum commitments under operating leases and purchase obligations at July 31, 2012 were as shown in the table below.

(In millions)	Operating Lease Commitments	Purchase Obligations
Fiscal year ending July 31,		
2013	\$57	\$89
2014	56	77
2015	53	53
2016	43	41
2017	44	37
Thereafter	174	—
Total commitments	\$427	\$297

Rent expense totaled \$51 million for the twelve months ended July 31, 2012; \$48 million for the twelve months ended July 31, 2011; and \$43 million for the twelve months ended July 31, 2010. Rent expense includes base contractual rent and contractual variable expenses such as building maintenance, utilities, property taxes and insurance.

## 11. Income Taxes

The provision for income taxes from continuing operations consisted of the following for the periods indicated:

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Current:			
Federal	\$375	\$279	\$245
State	30	44	46
Foreign	2	5	33
Total current	407	328	324
Deferred:			
Federal	(27	) 3	(15
State	(4	) 7	(1
Foreign	8	6	(16



Edgar Filing: INTUIT INC - Form 10-K

Total deferred	(23	)	16	(32	)
Total provision for income taxes from continuing operations	\$384		\$344	\$292	

Excess tax benefits associated with share-based compensation deductions are credited to stockholders' equity. The reductions of income taxes payable resulting from share-based compensation deductions that were credited to stockholders' equity were

82

---

Tables of Contents

approximately \$71 million for the twelve months ended July 31, 2012, \$81 million for the twelve months ended July 31, 2011, and \$36 million for the twelve months ended July 31, 2010.

The sources of income from continuing operations before the provision for income taxes consisted of the following for the periods indicated:

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
United States	\$1,109	\$949	\$820
Foreign	42	47	36
Total	\$1,151	\$996	\$856

Differences between income taxes calculated using the federal statutory income tax rate of 35% and the provision for income taxes from continuing operations were as follows for the periods indicated:

(In millions)	Twelve Months Ended July 31,			
	2012	2011	2010	
Income from continuing operations before income taxes	\$1,151	\$996	\$856	
Statutory federal income tax	\$403	\$348	\$300	
State income tax, net of federal benefit	16	34	29	
Federal research and experimentation credits	(9	) (25	) (8	)
Domestic production activities deduction	(27	) (25	) (14	)
Share-based compensation	7	6	4	
Effects of non-U.S. operations	(5	) (4	) (20	)
Non-deductible goodwill	4	8	—	
Other, net	(5	) 2	1	
Total provision for income taxes from continuing operations	\$384	\$344	\$292	

In December 2010 the Tax Relief, Unemployment Insurance Reauthorization, and Jobs Creation Act of 2010 was signed into law. The Act includes a reinstatement of the federal research and experimentation credit through December 31, 2011 that was retroactive to January 1, 2010. We recorded a discrete tax benefit of approximately \$9 million for the retroactive amount related to fiscal 2010 and the first quarter of fiscal 2011 during the twelve months ended July 31, 2011.

During the twelve months ended July 31, 2010 we recorded discrete tax benefits of approximately \$20 million that were related to foreign tax credits associated with the distribution of profits from certain of our non-U.S. subsidiaries and our plans to indefinitely reinvest substantially all remaining non-U.S. earnings in support of our international expansion plans. This tax benefit is shown in the table above on the effects of non-U.S. operations line.

Tables of Contents

Significant deferred tax assets and liabilities were as follows at the dates indicated:

(In millions)	July 31, 2012	2011
Deferred tax assets:		
Accruals and reserves not currently deductible	\$45	\$28
Deferred rent	11	9
Accrued and deferred compensation	50	33
Loss and tax credit carryforwards	45	39
Property and equipment	14	11
Share-based compensation	98	88
Net basis difference in investment held for sale	36	—
Other, net	—	1
Total deferred tax assets	299	209
Deferred tax liabilities:		
Intangible assets	90	51
Other, net	11	1
Total deferred tax liabilities	101	52
Total net deferred tax assets	198	157
Valuation allowance	(8 )	(8 )
Total net deferred tax assets, net of valuation allowance	\$190	\$149

We have provided a valuation allowance related to the benefits of certain state net operating loss and state tax credit carryforwards that we believe are unlikely to be realized. Changes in the valuation allowance during the twelve months ended July 31, 2012 and 2011 were not significant.

We provide U.S. federal income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are intended to be indefinitely reinvested in our international operations. To the extent that foreign earnings previously treated as indefinitely reinvested are repatriated, the related U.S. tax liability may, subject to certain limitations, be reduced by any foreign income taxes paid on these earnings. At July 31, 2012, the cumulative amount of earnings upon which U.S. income taxes had not been provided was approximately \$43 million. The unrecognized deferred tax liability for these earnings was approximately \$12 million.

The deferred tax asset for the net basis difference in the Intuit Websites investment held for sale is \$36 million, for which we recorded the related tax benefit to net income from discontinued operations in fiscal 2012. See Note 8, "Discontinued Operations," for more information.

The components of total net deferred tax assets, net of valuation allowances, as shown on our balance sheets were as follows at the dates indicated:

(In millions)	July 31, 2012	2011
Current deferred income taxes	\$184	\$94
Long-term deferred income taxes	6	55
Total net deferred tax assets, net of valuation allowance	\$190	\$149

At July 31, 2012, we had total federal net operating loss carryforwards of approximately \$62 million that will start to expire in fiscal 2022. Utilization of the net operating losses is subject to annual limitation. The annual limitation may

result in the expiration of net operating losses before utilization.

84

---

Tables of Contents

At July 31, 2012, we had excess federal foreign tax credits of approximately \$10 million, of which \$2 million can be carried back and \$8 million can be carried forward. The foreign tax credit carryforwards will start to expire in fiscal 2020. Our ability to utilize foreign tax credits is dependent upon having sufficient foreign source income during the carryforward period. The foreign source income limitation may result in the expiration of foreign tax credits before utilization.

At July 31, 2012, we had total state net operating loss carryforwards of approximately \$161 million for which we have recorded a deferred tax asset of \$8 million and a valuation allowance of \$6 million. The state net operating losses will start to expire in fiscal 2014. Utilization of the net operating losses is subject to annual limitation. The annual limitation may result in the expiration of net operating losses before utilization.

## Unrecognized Tax Benefits

The aggregate changes in the balance of our gross unrecognized tax benefits were as follows for the periods indicated:

(In millions)	Twelve Months Ended July 31,			
	2012	2011	2010	
Gross unrecognized tax benefits, beginning balance	\$41	\$35	\$40	
Increases related to tax positions from prior fiscal years, including acquisitions	3	2	3	
Decreases related to tax positions from prior fiscal years	(9	) —	(5	)
Increases related to tax positions taken during current fiscal year	3	4	3	
Lapses of statutes of limitations	—	—	(6	)
Gross unrecognized tax benefits, ending balance	\$38	\$41	\$35	

The total amount of our unrecognized tax benefits at July 31, 2012 was \$38 million. Net of related deferred tax assets, unrecognized tax benefits were \$28 million at that date. If we were to recognize these net benefits, our income tax expense would reflect a favorable net impact of \$28 million. We do not believe that it is reasonably possible that there will be a significant increase or decrease in unrecognized tax benefits over the next 12 months.

We file U.S. federal, U.S. state, and foreign tax returns. Our major tax jurisdictions are U.S. federal and the State of California. For U.S. federal tax returns we are no longer subject to tax examinations for fiscal 2008, fiscal 2006, and for years prior to fiscal 2005. For California tax returns we are no longer subject to tax examinations for years prior to fiscal 2007.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes. Amounts accrued at July 31, 2012 and July 31, 2011 for the payment of interest and penalties were not significant. The amounts of interest and penalties that we recognized during the twelve months ended July 31, 2012, 2011 and 2010 were also not significant.

## 12. Stockholders' Equity

## Stock Repurchase Programs

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. Under these programs, we repurchased 16.9 million shares of our common stock for \$900 million during the twelve months ended July 31, 2012; 28.2 million shares for \$1.4 billion during the twelve months ended July 31, 2011; and 28.7 million shares for \$900 million during the twelve

months ended July 31, 2010. At July 31, 2012, we had authorization from our Board of Directors to expend up to an additional \$1.7 billion for stock repurchases through August 15, 2014. Future stock repurchases under the current program are at the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

Repurchased shares of our common stock are held as treasury shares until they are reissued or retired. When we reissue treasury stock, if the proceeds from the sale are more than the average price we paid to acquire the shares we record an increase in additional paid-in capital. Conversely, if the proceeds from the sale are less than the average price we paid to acquire the shares, we record a decrease in additional paid-in capital to the extent of increases previously recorded for similar transactions and a decrease in retained earnings for any remaining amount.

## Tables of Contents

### Dividends on Common Stock

During fiscal 2012 we declared and paid cash dividends that totaled \$0.60 per share of outstanding common stock or approximately \$178 million. In August 2012 our Board of Directors declared a quarterly cash dividend of \$0.17 per share of outstanding common stock payable on October 18, 2012 to stockholders of records at the close of business on October 10, 2012. Future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

### Description of 2005 Equity Incentive Plan

Our stockholders initially approved our 2005 Equity Incentive Plan (2005 Plan) on December 9, 2004. On January 19, 2011 our stockholders approved an Amended and Restated 2005 Equity Incentive Plan (Restated 2005 Plan) that expires on January 19, 2015. Under the Restated 2005 Plan, we are permitted to grant incentive and non-qualified stock options, restricted stock awards, restricted stock units (RSUs), stock appreciation rights and stock bonus awards to our employees, non-employee directors and consultants. The Compensation and Organizational Development Committee of our Board of Directors or its delegates determine who will receive grants, when those grants will be exercisable, their exercise price and other terms. We are permitted to issue up to 96,000,000 shares under the Restated 2005 Plan. The plan provides a fungible share reserve. Each stock option granted on or after November 1, 2010 reduces the share reserve by one share and each restricted stock award or restricted stock unit granted reduces the share reserve by 2.3 shares. Stock options forfeited and returned to the pool of shares available for grant increase the pool by one share for each share forfeited. Restricted stock awards and RSUs forfeited and returned to the pool of shares available for grant increase the pool by 2.3 shares for each share forfeited. At July 31, 2012, there were approximately 21.8 million shares available for grant under this plan. Stock options granted under the 2005 Plan and the Restated 2005 Plan typically vest over three years based on continued service and have a seven year term. RSUs granted under those plans typically vest over three years based on continued service. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals.

### Description of Employee Stock Purchase Plan

On November 26, 1996 our stockholders initially adopted our Employee Stock Purchase Plan (ESPP) under Section 423 of the Internal Revenue Code. The ESPP permits our eligible employees to make payroll deductions to purchase our stock on regularly scheduled purchase dates at a discount. Our stockholders have approved amendments to the ESPP to permit the issuance of up to 20,800,000 shares under the ESPP, which expires on July 27, 2015. Offering periods under the ESPP are six months in duration and composed of two consecutive three-month accrual periods. Shares are purchased at 85% of the lower of the closing price for Intuit common stock on the first day of the offering period or the last day of the accrual period.

Under the ESPP, employees purchased 1,031,483 shares of Intuit common stock during the twelve months ended July 31, 2012; 840,654 shares during the twelve months ended July 31, 2011; and 1,120,030 shares during the twelve months ended July 31, 2010. At July 31, 2012, there were 4,749,188 shares available for issuance under this plan.

Tables of Contents

## Share-Based Compensation Expense

The following table summarizes the total share-based compensation expense that we recorded for the periods shown.

(In millions except per share amounts)	Twelve Months Ended July 31,		
	2012	2011	2010
Cost of product revenue	\$—	\$1	\$1
Cost of service and other revenue	7	6	7
Selling and marketing	60	46	41
Research and development	52	51	41
General and administrative	50	49	44
Discontinued operations	—	—	1
Total share-based compensation expense	169	153	135
Income tax benefit	(54 )	(53 )	(48 )
Decrease in net income	\$115	\$100	\$87
Decrease in net income per share:			
Basic	\$0.39	\$0.33	\$0.28
Diluted	\$0.38	\$0.32	\$0.27

## Determining Fair Value

**Valuation and Amortization Method.** We estimate the fair value of stock options granted using a lattice binomial model and a multiple option award approach. Our stock options have various restrictions, including vesting provisions and restrictions on transfer, and are often exercised prior to their contractual maturity. We believe that lattice binomial models are more capable of incorporating the features of our stock options than closed-form models such as the Black Scholes model. The use of a lattice binomial model requires the use of extensive actual employee exercise behavior and a number of complex assumptions including the expected volatility of our stock price over the term of the options, risk-free interest rates and expected dividends. We amortize the fair value of options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method, adjusted for estimated forfeitures. We amortize the fair value of time-based RSUs on a straight-line basis adjusted for estimated forfeitures over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria will be met, adjusted for estimated forfeitures. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte Carlo valuation methodology and amortize those fair values over the requisite service period adjusted for estimated forfeitures for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved.



However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria.

As discussed below under "Dividends," in July 2011 we determined that it was probable that we would pay cash dividends in the future. Since RSU holders were not entitled to dividends, starting in July 2011 we began reducing the market price of our stock on the date of grant, which is used in the intrinsic value method, by the present value of the dividends expected to be paid on the shares during the vesting period, discounted at the appropriate risk-free interest rate. Beginning in July 2012, all of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we no longer adjust the market price of our stock on the date of grant for dividends.

Tables of Contents

**Expected Term.** The expected term of options granted represents the period of time that they are expected to be outstanding and is a derived output of the lattice binomial model. The expected term of stock options is impacted by all of the underlying assumptions and calibration of our model. The lattice binomial model assumes that option exercise behavior is a function of the option's remaining vested life and the extent to which the market price of our common stock exceeds the option exercise price. The lattice binomial model estimates the probability of exercise as a function of these two variables based on the history of exercises and cancellations on all past option grants made by us.

**Expected Volatility.** We estimate the volatility of our common stock at the date of grant based on the implied volatility of one-year and two-year publicly traded options on our common stock. Our decision to use implied volatility was based upon the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility.

**Risk-Free Interest Rate.** We base the risk-free interest rate that we use in our option valuation model on the implied yield in effect at the time of option grant on constant maturity U.S. Treasury issues with equivalent remaining terms.

**Dividends.** Prior to July 2011, we paid no cash dividends on our common stock and did not anticipate paying any cash dividends, so we used an expected dividend yield of zero in our option valuation model. In July 2011 we determined that it was probable that we would pay quarterly cash dividends in the future and as a result we began using an annualized expected dividend yield in our option valuation model. We paid quarterly cash dividends during fiscal 2012 and currently expect to continue to pay cash dividends in the future.

**Forfeitures.** We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest.

We used the following assumptions to estimate the fair value of stock options granted and shares purchased under our Employee Stock Purchase Plan for the periods indicated:

	Twelve Months Ended July 31,		
	2012	2011	2010
Assumptions for stock options:			
Expected volatility (range)	27% - 33%	27% - 30%	24% - 30%
Weighted average expected volatility	29 %	28 %	28 %
Risk-free interest rate (range)	0.43% - 0.85%	0.87% - 1.91%	1.37% - 2.82%
Expected dividend yield (1)	1.02% - 1.20%	0% - 1.20%	0 %
Assumptions for ESPP:			
Expected volatility (range)	24% - 33%	27% - 33%	22% - 29%
Weighted average expected volatility	29 %	29 %	26 %
Risk-free interest rate (range)	0.00% - 0.10%	0.05% - 0.16%	0.04% - 0.16%
Expected dividend yield	1.00% - 1.20%	0 %	0 %

(1) Expected dividend yield assumption was zero for fiscal 2011 option grants prior to July 2011. In July 2011 we determined that it was probable that we would pay cash dividends in the future and as a result we began using an expected dividend yield assumption in our valuation models. See "Dividends on Common Stock" above for more information.

Tables of Contents

## Stock Option Activity and Related Share-Based Compensation Expense

A summary of activity under all share-based compensation plans for the fiscal periods indicated was as follows:

(Shares in thousands)	Shares Available for Grant	Options Outstanding	
		Number of Shares	Weighted Average Exercise Price Per Share
Balance at July 31, 2009	8,086	45,674	\$26.00
Additional shares authorized	9,000	—	—
Options assumed and converted in connection with acquisitions	—	372	3.08
Options granted	(6,338 )	6,338	35.93
Restricted stock units granted	(5,253 )	—	—
Options exercised	—	(17,212 )	24.00
Options canceled or expired (1)	2,089	(2,579 )	29.46
Restricted stock units forfeited (1)	1,177	—	—
Balance at July 31, 2010	8,761	32,593	28.45
Additional shares authorized	31,000	—	—
Options granted	(3,055 )	3,055	47.70
Restricted stock units granted	(8,501 )	—	—
Options exercised	—	(11,997 )	25.68
Options canceled or expired (1)	915	(972 )	31.44
Restricted stock units forfeited (1)	1,596	—	—
Balance at July 31, 2011	30,716	22,679	32.38
Options assumed and converted in connection with acquisitions	—	282	54.51
Options granted	(3,167 )	3,167	51.36
Restricted stock units granted (2)	(7,902 )	—	—
Options exercised	—	(7,513 )	28.41
Options canceled or expired (1)	559	(554 )	39.43
Restricted stock units forfeited (1)(2)	1,554	—	—
Balance at July 31, 2012	21,760	18,061	\$37.49

Stock options and restricted stock units canceled, expired or forfeited under our 2005 Equity Incentive Plan are (1) returned to the pool of shares available for grant. Stock options and restricted stock units canceled, expired or forfeited under older expired plans are not returned to the pool of shares available for grant.

Under the terms of our 2005 Equity Incentive Plan as amended on January 19, 2011, RSUs granted from the pool of shares available for grant on or after November 1, 2010 reduce the pool by 2.3 shares for each share granted. (2) RSUs forfeited and returned to the pool of shares available for grant increase the pool by 2.3 shares for each share forfeited.

Tables of Contents

Options outstanding, exercisable and expected to vest, and exercisable as of July 31, 2012 were as follows:

	Number of Shares (in thousands)	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (in millions)
Options outstanding	18,061	4.91	\$37.49	\$344
Options exercisable and expected to vest	17,443	4.80	\$37.07	\$339
Options exercisable	10,926	3.45	\$31.82	\$270

Options expected to vest are unvested shares net of expected forfeitures. The aggregate intrinsic value of options outstanding at July 31, 2012 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock for shares that were in-the-money at that date. In-the-money options at July 31, 2012 were options that had exercise prices that were lower than the \$58.02 market price of our common stock at that date.

Additional information regarding our stock options and ESPP shares is shown in the table below.

(In millions except per share amounts)	Twelve Months Ended July 31,		
	2012	2011	2010
Weighted average fair value of options granted (per share)	\$15.22	\$10.44	\$8.73
Total fair value of options vested	\$39	\$53	\$57
Aggregate intrinsic value of options exercised	\$202	\$261	\$157
Share-based compensation expense for stock options and ESPP	\$56	\$53	\$67
Total tax benefit for stock option and ESPP share-based compensation	\$15	\$17	\$24
Cash received from option exercises	\$213	\$308	\$413
Cash tax benefits realized related to tax deductions for non-qualified option exercises and disqualifying dispositions under all share-based payment arrangements	\$72	\$99	\$61

At July 31, 2012, there was \$73 million of unrecognized compensation cost related to non-vested stock options that we will amortize to expense in the future. Unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.3 years.

Due to our ongoing program of repurchasing our common stock on the open market, at July 31, 2012 we had approximately 135 million treasury shares. We satisfy option exercises and RSU vesting from this pool of treasury shares.



Tables of Contents

## Restricted Stock Unit Activity and Related Share-Based Compensation Expense

A summary of restricted stock unit (RSU) activity for the periods indicated was as follows:

(Shares in thousands)	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at July 31, 2009	9,398	\$27.06
Granted	5,253	36.24
Restricted stock units assumed and converted in connection with acquisitions	231	29.14
Vested	(2,172 )	29.30
Forfeited	(1,179 )	26.46
Nonvested at July 31, 2010	11,531	30.93
Granted	3,855	47.02
Vested	(3,474 )	26.33
Forfeited	(857 )	31.73
Nonvested at July 31, 2011	11,055	37.92
Granted	3,436	55.02
Restricted stock units assumed and converted in connection with acquisitions	575	54.51
Vested	(4,763 )	34.13
Forfeited	(696 )	39.56
Nonvested at July 31, 2012	9,607	\$46.79

Additional information regarding our RSUs and restricted stock is shown in the table below.

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Total fair value of RSUs vested	\$258	\$150	\$64
Share-based compensation for RSUs and restricted stock	\$113	\$100	\$68
Total tax benefit related to RSU and restricted stock share-based compensation expense	\$39	\$36	\$25
Cash tax benefits realized for tax deductions for RSUs and restricted stock	\$46	\$36	\$24

At July 31, 2012, there was \$274 million of unrecognized compensation cost related to non-vested RSUs and restricted stock that we will amortize to expense in the future. Unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.4 years.

## 13. Benefit Plans

## Executive Deferred Compensation Plan

In December 2004 we initially adopted our 2005 Executive Deferred Compensation Plan, which became effective January 1, 2005. We adopted this plan to meet the requirements for deferred compensation under Section 409A of the Internal Revenue Code. The plan provides that executives who meet minimum compensation requirements are eligible to defer up to 75% of their salaries, bonuses and commissions. We have agreed to credit the participants' contributions with earnings that reflect the performance of certain independent investment funds. We may also make discretionary employer contributions to participant



## Tables of Contents

accounts in certain circumstances. The timing, amounts and vesting schedules of employer contributions are at the sole discretion of the Compensation and Organizational Development Committee of our Board of Directors or its delegate. The benefits under this plan are unsecured. Participants are generally eligible to receive payment of their vested benefit at the end of their elected deferral period or after termination of their employment with Intuit for any reason or at a later date to comply with the restrictions of Section 409A. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death or a change of control of Intuit. Employer contributions to the plan were not significant for any period presented.

We had liabilities related to this plan of \$56 million at July 31, 2012 and \$50 million at July 31, 2011. We have matched the plan liabilities with similar performing assets. These assets are recorded in other long-term assets while liabilities related to obligations are recorded in other current liabilities on our balance sheets.

### 401(k) Plan

In the United States, employees who participate in the Intuit Inc. 401(k) Plan may currently contribute up to 30% of pre-tax compensation, subject to Internal Revenue Service limitations and the terms and conditions of the plan. We match a portion of employee contributions, currently 125% up to six percent of salary, subject to Internal Revenue Service limitations. Matching contributions were \$43 million for the twelve months ended July 31, 2012; \$34 million for the twelve months ended July 31, 2011; and \$32 million for the twelve months ended July 31, 2010.

## 14. Litigation

On January 13, 2012, two putative class actions were filed against Intuit Inc. in connection with our TurboTax income tax preparation software: *Smith v. Intuit Inc.* (U.S. District Court, Northern District of California) and *Quildon v. Intuit Inc.* (California Superior Court, Santa Clara County). The plaintiffs in both cases assert that the fees charged for the refund processing service offered within TurboTax are "refund anticipation loans" and the disclosures about those fees do not comply with California and federal laws. The *Smith* case was brought in federal court on behalf of a proposed nationwide class and subclasses; the *Quildon* case was brought in state court on behalf of a proposed California class and subclasses. Otherwise the two complaints are substantively identical. In each case the plaintiffs seek monetary relief (including restitution, statutory damages, treble damages, and interest) in an unspecified amount, as well as attorneys' fees and costs. On February 22, 2012, Intuit removed the *Quildon* case to federal court. On March 16, 2012, the plaintiffs filed a motion to remand the *Quildon* case to state court. On March 19, 2012, Intuit filed motions to dismiss the plaintiffs' claims in both cases. On May 25, 2012, the federal court remanded the *Quildon* case to state court and denied as moot the motion to dismiss that case. On July 10, 2012, Intuit filed a motion in state court to stay the *Quildon* case until the federal court resolves the *Smith* case, which the state court granted on August 6, 2012. On September 10, 2012, the federal court issued an order granting Intuit's motion to dismiss the plaintiffs' complaint in the *Smith* matter. The plaintiffs have 30 days from the date of the order to file any amended complaint. We continue to believe we have meritorious defenses to the claims asserted in these actions and intend to defend vigorously against them. We believe that liabilities associated with these cases, while possible, are not probable, and therefore we have not recorded any accrual for them as of July 31, 2012. Further, any possible range of loss cannot be reasonably estimated at this time.

Intuit is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, including assertions that we may be infringing patents or other intellectual property rights of others. We currently believe that, in addition to any amounts accrued, the amount of potential losses, if any, for any pending claims of any type (either alone or combined) will not have a material impact on our consolidated financial statements. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, negative publicity, diversion of management resources and

other factors. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims could adversely affect our business.

#### 15. Segment Information

We have defined seven reportable segments, described below, based on factors such as how we manage our operations and how our chief operating decision maker views results. We define the chief operating decision maker as our Chief Executive Officer and our Chief Financial Officer. Our chief operating decision maker organizes and manages our business primarily on the basis of product and service offerings.

Financial Management Solutions product revenue is derived primarily from QuickBooks desktop software products, including QuickBooks Pro, QuickBooks Premier, and QuickBooks Enterprise Solutions, and from financial supplies such as paper

Tables of Contents

checks, envelopes, invoices, business cards and business stationery. Financial Management Solutions service and other revenue is derived primarily from QuickBooks Online; QuickBooks technical support plans; Demandforce, which provides online marketing and customer communication solutions for small businesses; QuickBase; and royalties from small business online services.

Employee Management Solutions product revenue is derived primarily from QuickBooks Basic Payroll and QuickBooks Enhanced Payroll, which are products sold on a subscription basis that offer payroll tax tables, payroll reports, federal and state payroll tax forms, and electronic tax payment and filing to small businesses that prepare their own payrolls. Employee Management Solutions service and other revenue is derived from Quickbooks Online Payroll, QuickBooks Assisted Payroll, Intuit Online Payroll, Intuit Full Service Payroll, fees for direct deposit services, and fees for other small business payroll and employee management services. Service and other revenue for this segment also includes interest earned on funds held for customers.

Payment Solutions product revenue is derived primarily from QuickBooks Point of Sale solutions. Payment Solutions service and other revenue is derived primarily from merchant services for small businesses that include credit card, debit card and gift card processing services; check verification, check guarantee and electronic check conversion, including automated clearing house (ACH) and Check 21 capabilities; from Web-based transaction processing services for online merchants; and from GoPayment mobile payment processing services.

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer and small business desktop tax return preparation software. Consumer Tax service and other revenue is derived primarily from TurboTax Online tax return preparation services and electronic tax filing services.

Accounting Professionals product revenue is derived primarily from ProSeries and Lacerte professional tax preparation software products and from QuickBooks Premier Accountant Edition and ProAdvisor Program subscriptions for professional accountants. Accounting Professionals service and other revenue is derived primarily from Intuit Tax Online tax return preparation services, electronic tax filing services, bank product transmission services and training services.

Financial Services service and other revenue is derived primarily from online and mobile banking solutions that are hosted in our data centers and delivered as software as a service offerings to banks and credit unions. Financial Services service and other revenue also includes fees for implementation services.

Other Businesses consist primarily of our personal finance offerings, Quicken and Mint; Intuit Health; and our global businesses, primarily in Canada, the United Kingdom, and Singapore. Quicken product revenue is derived primarily from Quicken desktop software products. Quicken service and other revenue is derived primarily from fees from consumer online transactions and Quicken Loans trademark royalties. Mint service and other revenue consists primarily of online lead generation fees. Intuit Health service and other revenue consists primarily of online patient-to-provider communication services and fees for implementation services. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as consumer desktop tax return preparation software and professional tax preparation products. Service and other revenue in Canada consists primarily of revenue from QuickBooks support plans, payroll services, and merchant payment processing services. In the United Kingdom, product revenue is derived primarily from localized versions of QuickBooks and QuickBooks Payroll. In Singapore and other international locations, service and other revenue is derived from QuickBooks Online.

All of our business segments except Other Businesses operate primarily in the United States and sell primarily to customers in the United States. International total net revenue was less than 5% of consolidated total net revenue for the twelve months ended July 31, 2012, 2011 and 2010.

We include expenses such as corporate selling and marketing, product development, and general and administrative expenses and share-based compensation expenses, which are not allocated to specific segments, in unallocated corporate items. Unallocated corporate items also include amortization of acquired technology, amortization of other acquired intangible assets, and goodwill and intangible asset impairment charges.

The accounting policies of our reportable segments are the same as those described in the summary of significant accounting policies in Note 1. Except for goodwill and acquired intangible assets, we do not generally track assets by reportable segment and, consequently, we do not disclose total assets by reportable segment. See Note 5, "Goodwill and Acquired Intangible Assets," for goodwill by reportable segment.

Tables of Contents

The following table shows our financial results by reportable segment for the periods indicated. Results for our Financial Management Solutions segment have been adjusted for all periods presented to exclude results for our Intuit Websites business, which we classified as discontinued operations in the fourth quarter of fiscal 2012. Fiscal 2010 results for our Other Businesses segment have been adjusted to exclude results for our Intuit Real Estate Solutions business, which we classified as discontinued operations in the second quarter of fiscal 2010. See Note 8, "Discontinued Operations," for more information.

(In millions)	Twelve Months Ended July 31,		
	2012	2011	2010
Net revenue:			
Financial Management Solutions	\$691	\$622	\$559
Employee Management Solutions	512	457	418
Payment Solutions	417	348	313
Consumer Tax	1,441	1,298	1,146
Accounting Professionals	423	399	373
Financial Services	362	346	332
Other Businesses	305	302	262
Total net revenue	\$4,151	\$3,772	\$3,403
Operating income from continuing operations:			
Financial Management Solutions	\$265	\$243	\$188
Employee Management Solutions	314	271	253
Payment Solutions	107	64	67
Consumer Tax	886	850	746
Accounting Professionals	249	228	210
Financial Services	86	83	71
Other Businesses	68	67	64
Total segment operating income	1,975	1,806	1,599
Unallocated corporate items:			
Share-based compensation expense	(169 )	(153 )	(134 )
Other common expenses	(576 )	(531 )	(476 )
Amortization of acquired technology	(14 )	(12 )	(43 )
Amortization of other acquired intangible assets	(39 )	(43 )	(42 )
Goodwill and intangible asset impairment charge	—	(30 )	—
Total unallocated corporate items	(798 )	(769 )	(695 )
Total operating income from continuing operations	\$1,177	\$1,037	\$904

Tables of Contents

## 16. Selected Quarterly Financial Data (Unaudited)

The following tables contain selected quarterly financial data for the twelve months ended July 31, 2012 and July 31, 2011. We have classified our Intuit Websites business as discontinued operations and as a result have segregated its operating results from continuing operations in our statements of operations and in these tables. See Note 8, "Discontinued Operations," for more information.

(In millions, except per share amounts)	Fiscal 2012 Quarter Ended			
	October 31	January 31	April 30	July 31
Total net revenue	\$575	\$999	\$1,926	\$651
Cost of revenue	167	205	197	191
All other costs and expenses	492	599	618	505
Operating income (loss) from continuing operations	(84 )	195	1,111	(45 )
Net income (loss) from continuing operations	(58 )	121	736	(32 )
Net income (loss) from discontinued operations	(6 )	(3 )	(2 )	36
Net income (loss)	(64 )	118	734	4
Basic net income (loss) per share from continuing operations	\$(0.19 )	\$0.41	\$2.50	\$(0.11 )
Basic net income (loss) per share from discontinued operations	(0.02 )	(0.01 )	(0.01 )	0.12
Basic net income (loss) per share	\$(0.21 )	\$0.40	\$2.49	\$0.01
Diluted net income (loss) per share from continuing operations	\$(0.19 )	\$0.40	\$2.43	\$(0.11 )
Diluted net income (loss) per share from discontinued operations	(0.02 )	(0.01 )	(0.01 )	0.12
Diluted net income (loss) per share	\$(0.21 )	\$0.39	\$2.42	\$0.01

(In millions, except per share amounts)	Fiscal 2011 Quarter Ended			
	October 31	January 31	April 30	July 31
Total net revenue	\$515	\$857	\$1,827	\$573
Cost of revenue	154	175	162	159
All other costs and expenses	455	560	598	472
Operating income (loss) from continuing operations	(94 )	122	1,067	(58 )
Net income (loss) from continuing operations	(64 )	80	692	(56 )
Net income (loss) from discontinued operations	(6 )	(7 )	(4 )	(1 )
Net income (loss)	(70 )	73	688	(57 )
Basic net income (loss) per share from continuing operations	\$(0.20 )	\$0.26	\$2.28	\$(0.19 )
Basic net income (loss) per share from discontinued operations	(0.02 )	(0.02 )	(0.01 )	—
Basic net income (loss) per share	\$(0.22 )	\$0.24	\$2.27	\$(0.19 )
Diluted net income (loss) per share from continuing operations	\$(0.20 )	\$0.25	\$2.21	\$(0.19 )
Diluted net income (loss) per share from discontinued operations	(0.02 )	(0.02 )	(0.01 )	—

Diluted net income (loss) per share	\$(0.22 )	\$0.23	\$2.20	\$(0.19 )
-------------------------------------	-----------	--------	--------	-----------

Tables of Contents

Schedule II  
 INTUIT INC.  
 VALUATION AND QUALIFYING ACCOUNTS

(In millions)	Beginning Balance	Additions Charged to Expense/ Revenue	Deductions	Ending Balance
Year ended July 31, 2012				
Allowance for doubtful accounts	\$20	\$34	\$(8 )	\$46
Reserve for product returns	20	92	(93 )	19
Reserve for rebates	11	104	(98 )	17
Year ended July 31, 2011				
Allowance for doubtful accounts	\$22	\$18	\$(20 )	\$20
Reserve for product returns	20	94	(94 )	20
Reserve for rebates	11	90	(90 )	11
Year ended July 31, 2010				
Allowance for doubtful accounts	\$16	\$23	\$(17 )	\$22
Reserve for product returns	22	101	(103 )	20
Reserve for rebates	30	84	(103 )	11

Note: Additions to the allowance for doubtful accounts are charged to general and administrative expense. Additions to the reserves for product returns and rebates are charged against revenue.



Tables of Contents

ITEM 9

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based upon an evaluation of the effectiveness of disclosure controls and procedures, Intuit's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have concluded that as of the end of the period covered by this Annual Report on Form 10-K our disclosure controls and procedures as defined under Exchange Act Rules 13a-15(e) and 15d-15(e) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of July 31, 2012 based on the guidelines established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, our management has concluded that our internal control over financial reporting was effective as of July 31, 2012 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. We reviewed the results of management's assessment with the Audit and Risk Committee of Intuit's Board of Directors.

Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of July 31, 2012. Their report is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

During our most recent fiscal quarter, there has not occurred any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B

OTHER INFORMATION

None.



Tables of Contents

## PART III

## ITEM 10

## DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information about our executive officers shown below, the information required for this Item 10 is incorporated by reference from our Proxy Statement to be filed in connection with our January 2013 Annual Meeting of Stockholders.

We maintain a Code of Conduct and Ethics that applies to all employees, including all officers. We also maintain a Board of Directors Code of Ethics that applies to all members of our Board of Directors. Our Code of Conduct and Ethics and Board of Directors Code of Ethics incorporate guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. Our Code of Conduct and Ethics and Board of Directors Code of Ethics are published on our Investor Relations website at <http://investors.intuit.com/governance.cfm> and <http://investors.intuit.com/directors.cfm>, respectively. We disclose amendments to certain provisions of our Code of Conduct and Ethics and Board of Directors Code of Ethics, or waivers of such provisions granted to executive officers and directors, on this website.

## EXECUTIVE OFFICERS

The following table shows Intuit's executive officers as of August 31, 2012 and their areas of responsibility. Their biographies follow the table.

Name	Age	Position
Brad D. Smith	48	President, Chief Executive Officer and Director
Scott D. Cook	60	Chairman of the Executive Committee
Laura A. Fennell	51	Senior Vice President, General Counsel and Corporate Secretary
Daniel R. Maurer	56	Senior Vice President and General Manager, Consumer Group
Kiran M. Patel	64	Executive Vice President and General Manager, Small Business Group
R. Neil Williams	59	Senior Vice President and Chief Financial Officer
Jeffrey P. Hank	52	Vice President, Finance and Chief Accounting Officer

Mr. Smith has been President and Chief Executive Officer and a member of the Board of Directors since January 2008. He was Senior Vice President and General Manager, Small Business Division from May 2006 to December 2007 and Senior Vice President and General Manager, QuickBooks from May 2005 to May 2006. He also served as Senior Vice President and General Manager, Consumer Tax Group from March 2004 until May 2005 and as Vice President and General Manager of Intuit's Accountant Central and Developer Network from February 2003 to March 2004. Prior to joining Intuit in February 2003, Mr. Smith was Senior Vice President of Marketing and Business Development at ADP, a provider of business outsourcing solutions, where he held several executive positions from 1996 to 2003. Mr. Smith also serves on the board of directors of Yahoo! Inc. Mr. Smith holds a Bachelor's degree in Business Administration from Marshall University and a Master's degree in Management from Aquinas College.

Mr. Cook, a founder of Intuit, has been an Intuit director since March 1984 and is currently Chairman of the Executive Committee. He served as Intuit's Chairman of the Board from February 1993 through July 1998. From April 1984 to April 1994, he served as Intuit's President and Chief Executive Officer. Mr. Cook also serves on the board of directors of eBay Inc. and The Procter & Gamble Company. Mr. Cook holds a Bachelor of Arts degree in Economics and Mathematics from the University of Southern California and a Master's degree in Business Administration from Harvard Business School.

Ms. Fennell has been Senior Vice President, General Counsel and Corporate Secretary since February 2007. She leads Intuit's legal, corporate affairs, privacy, information and physical security, and data services teams. Ms. Fennell joined Intuit as Vice President, General Counsel and Corporate Secretary in April 2004. Prior to joining Intuit, Ms. Fennell spent nearly eleven years at Sun Microsystems, Inc., most recently as Vice President of Corporate Legal Resources, as well as Acting General Counsel. Prior to joining Sun, she was an associate attorney at Wilson Sonsini, Goodrich & Rosati PC. Ms. Fennell sits on the board of directors of the Children's Discovery Museum of San Jose. Ms. Fennell holds a Bachelor of Science degree in Business Administration from California State University, Chico and a Juris Doctor from the University of Santa Clara.

Mr. Maurer has been Senior Vice President and General Manager of Intuit's Consumer Group since December 2008. From February 2008 to December 2008, he was Senior Vice President and Chief Marketing Officer. From January 2006 to

Tables of Contents

February 2008 he was Vice President of Marketing for Intuit's Consumer Tax Group. Prior to joining Intuit, Mr. Maurer served as Vice President of strategy at The Campbell's Soup Company from 2002 to December 2005 and held senior marketing positions at The Procter & Gamble Company. Mr. Maurer also serves on the board of directors of Zagg Inc. Mr. Maurer holds a Bachelor's Degree in Marketing and Finance from the University of Wisconsin.

Mr. Patel has been Executive Vice President and General Manager, Small Business Group since December 2008. He was Senior Vice President and General Manager, Consumer Tax Group from June 2007 to December 2008 and Chief Financial Officer from September 2005 to January 2008. From August 2001 to September 2005, Mr. Patel served as Executive Vice President and Chief Financial Officer of Solectron Corporation, a provider of electronics supply chain services, where he led finance, legal, investor relations and business development activities. From October 2000 to May 2001, he was the Chief Financial Officer of iMotors, an Internet-based value-added retailer of used cars. Previously, Mr. Patel had a 27-year career with Cummins Inc., where he served in a broad range of finance positions, most recently as Chief Financial Officer and Executive Vice President. Mr. Patel also serves on the board of directors of KLA-Tencor Corporation and is a trustee of The Charles Schwab Family of Funds. Mr. Patel holds a Bachelor of Science degree in Electrical Engineering and a Master's degree in Business Administration from the University of Tennessee.

Mr. Williams joined Intuit in January 2008 as Senior Vice President and Chief Financial Officer. He is responsible for all financial aspects of the company, including corporate strategy and business development, investor relations, financial operations and real estate. Beginning in 2001, he served as Executive Vice President of Visa U.S.A., Inc., the leading payments company in the U.S., and then from November 2004 to September 2007 served as Chief Financial Officer, leading all financial functions for the company and its subsidiaries. During the same period, Mr. Williams held the dual role of Chief Financial Officer for Inovant LLC, Visa's global IT organization responsible for global transactions processing and technology development. Mr. Williams holds a Bachelor's degree in Business Administration from the University of Southern Mississippi and he is a certified public accountant.

Mr. Hank has been Vice President, Finance and Chief Accounting Officer since August 2012 and previously served as Vice President, Corporate Controller from June 2005 to July 2012. He joined Intuit in October 2003 as Director, Accounting Principles Group. From June 2002 until September 2003, Mr. Hank was an Audit Partner at KPMG LLP. From September 1994 until June 2002, Mr. Hank was an Audit Partner at Arthur Andersen LLP. Mr. Hank holds a Bachelor of Science degree in Business Administration – Accounting and Finance from the University of California at Berkeley.

ITEM 11  
EXECUTIVE COMPENSATION

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our January 2013 Annual Meeting of Stockholders.

ITEM 12  
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our January 2013 Annual Meeting of Stockholders.

ITEM 13

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our January 2013 Annual Meeting of Stockholders.

ITEM 14

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our January 2013 Annual Meeting of Stockholders.

Tables of Contents

## PART IV

## ITEM 15

## EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements — See Index to Consolidated Financial Statements in Part II, Item 8.
2. Financial Statement Schedules — See Index to Consolidated Financial Statements in Part II, Item 8.
3. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
3.01	Restated Intuit Certificate of Incorporation, dated as of January 19, 2000		10-Q	6/14/2000
3.02	Bylaws of Intuit, as amended and restated effective April 28, 2010		8-K	4/30/2010
4.01	Form of Specimen Certificate for Intuit's Common Stock		10-K	9/15/2009
4.02	Indenture, dated as of March 7, 2007, between Intuit and The Bank of New York Trust Company, N.A. as trustee		8-K	3/7/2007
4.03	Forms of Global Note for Intuit's 5.40% Senior Notes due 2012 and 5.75% Senior Notes due 2017		8-K	3/12/2007
10.01+	Intuit Inc. 2005 Equity Incentive Plan, as amended December 14, 2007		S-8 333-148112	12/17/2007
10.02+	Intuit Inc. 2005 Equity Incentive Plan, as amended April 23, 2008		8-K	4/28/2008
10.03+	Intuit Inc. 2005 Equity Incentive Plan, as amended December 16, 2008		S-8 333-156205	12/17/2008
10.04+	Intuit Inc. 2005 Equity Incentive Plan, as amended December 15, 2009		S-8 333-163728	12/15/2009
10.05+	Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as approved January 19, 2011		S-8 333-171768	1/19/2011
10.06+	Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as amended through July 24, 2012		8-K	7/27/2012
10.07+	2005 Equity Incentive Plan Form of Non-Qualified Stock Option – New Hire, Promotion or Retention Grant		10-Q	12/10/2004

Edgar Filing: INTUIT INC - Form 10-K

10.08+	2005 Equity Incentive Plan Form of Non-Qualified Stock Option – Focal Grant	10-Q	12/10/2004
10.09+	2005 Equity Incentive Plan Form of Non-Employee Director Option – Initial Grant	10-Q	12/10/2004
10.10+	2005 Equity Incentive Plan Form of Non-Employee Director Option – Succeeding Grant	10-Q	12/10/2004
10.11+	2005 Equity Incentive Plan Form of Non-Employee Director Option – Committee Grant	10-Q	12/10/2004
10.12+	Form of Director Restricted Stock Unit Grant Agreement	8-K	12/18/2009
10.13+	Form of Director Restricted Stock Unit Grant Agreement	10-Q	12/1/2011

100

---



Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.14+	Summary of Director Compensation Program		10-Q	12/1/2011
10.15+	Intuit Inc. Director Grant Program		10-Q	2/29/2012
10.16+	Form of Restricted Stock Unit Agreement (service-based vesting)	X		
10.17+	Form of Restricted Stock Unit Agreement (executive vesting)	X		
10.18+	Form of Executive Performance-Based Restricted Stock Unit Agreement (three year operating goals)	X		
10.19+	Form of Executive Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)	X		
10.20+	Form of Executive Performance-Based Restricted Stock Unit Agreement (one year operating goal)		10-K	9/16/2010
10.21+	Form of Executive Performance-Based Restricted Stock Unit Agreement (three year operating goals)		10-K	9/16/2010
10.22+	Form of Executive Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)		10-K	9/16/2010
10.23+	Form of Restricted Stock Unit Agreement (CEO vesting)	X		
10.24+	Form of CEO Performance-Based Restricted Stock Unit Agreement (three year operating goals)	X		
10.25+	Form of CEO Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)	X		
10.26+	Form of CEO Performance-Based Restricted Stock Unit Agreement (one year operating goal)		10-K	9/16/2010
10.27+	Form of CEO Performance-Based Restricted Stock Unit Agreement (three year operating goals)		10-K	9/16/2010
10.28+	Form of CEO Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)		10-K	9/16/2010
10.29+	Form of 2009 Performance-Based Restricted Stock Unit Agreement		8-K	8/17/2009
10.30+	Form of Restricted Stock Unit Award Agreement (Performance-Based Vesting)		10-K	9/12/2008

Edgar Filing: INTUIT INC - Form 10-K

10.31+	Form of Restricted Stock Unit Award Agreement (Service-Based Vesting)		8-K	7/31/2006
10.32+	Intuit Inc. Management Stock Purchase Program, as amended October 23, 2007		10-K	9/12/2008
10.33+	Second Amended and Restated Management Stock Purchase Program		10-Q	2/29/2012
10.34+	Form of Restricted Stock Unit Grant Agreement for MSPP Purchased Award	X		
10.35+	Form of Restricted Stock Unit Grant Agreement for MSPP Matching Award	X		
10.36+	Form of Restricted Stock Unit Grant Agreement for MSPP Purchased Award		10-Q	12/1/2006
10.37+	Form of Restricted Stock Unit Grant Agreement for MSPP Matching Award		10-Q	12/1/2006

Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.38+	Form of Performance-based Restricted Stock Unit Agreement for key employees of Digital Insight		8-K	2/7/2007
10.39+	Digital Insight Corporation 1997 Stock Plan, Form of Stock Option Agreement under the Digital Insight Corporation 1997 Stock Plan and the Notice of Grant of Stock Purchase Right under the Digital Insight Corporation 1999 Stock Plan		S-1 333-81547 Filed by Digital Insight	6/25/1999
10.40+	Digital Insight Corporation 1999 Stock Plan and Form of Stock Option Agreement under the Digital Insight Corporation 1999 Stock Plan		S-1/A 333-81547 Filed by Digital Insight	9/13/1999
10.41+	First, Second and Third Amendments to the Digital Insight Corporation 1999 Stock Plan		10-Q Filed by Digital Insight	5/15/2001
10.42+	Homestead.com Incorporated 1996 Stock Option Plan, as amended		S-8	1/10/2008
10.43+	Form of Stock Option Agreement under the Homestead.com Incorporated 1996 Stock Option Plan		S-8	1/10/2008
10.44+	Homestead Technologies Inc. 2006 Equity Incentive Plan, as amended		S-8	1/10/2008
10.45+	Form of Stock Option Agreement and Option Grant Notice under Homestead Technologies Inc. 2006 Equity Incentive Plan		S-8	1/10/2008
10.46+	Form of Homestead Technologies Inc. 2006 Equity Incentive Plan Award Agreement for Restricted Stock Units		S-8	1/10/2008
10.47+	Form of Intuit Inc. Stock Option Assumption Agreement		S-8	2/9/2007
10.48+	Forms of Restricted Stock Unit Agreements: Intuit Inc. MSPP Matching Award Agreement; Intuit Inc. Performance-Based Vesting Agreement; Homestead Technologies Inc. Service-Based Vesting Agreement; and Intuit Inc. Service-Based Vesting Agreement		10-Q	12/4/2008
10.49+	PayCycle, Inc. 1999 Equity Incentive Plan, as amended, effective November 1, 1999.		S-8	8/5/2009

Edgar Filing: INTUIT INC - Form 10-K

10.50+	Form of Intuit Inc. Stock Option Assumption Agreement	S-8	8/5/2009
10.51+	Form of PayCycle, Inc. 1999 Equity Incentive Plan Stock Option Agreement	S-8	8/5/2009
10.52+	Mint Software Inc. Third Amended and Restated 2006 Stock Plan	S-8 333-163145	11/17/2009
10.53+	Form of Stock Option Agreement under the Mint Software Inc. Third Amended and Restated 2006 Stock Plan — Early Exercise	S-8 333-163145	11/17/2009
10.54+	Form of Stock Option Agreement under the Mint Software Inc. Third Amended and Restated 2006 Stock Plan — No Early Exercise	S-8 333-163145	11/17/2009
10.55+	Demandforce, Inc. 2007 Equity Incentive Plan, as amended	S-8 333-181732	5/29/2012
10.56+	Form of Stock Option Agreement under the Demandforce, Inc. 2007 Equity Incentive Plan	S-8 333-181732	5/29/2012

Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.57+	Form of Demandforce, Inc. 2007 Equity Incentive Plan Award Agreement for Restricted Stock Unit		S-8 333-181732	5/29/2012
10.58+	Form of Executive Promotion/New Hire Stock Option Agreement		10-K	9/12/2008
10.59+	Form of Executive Restricted Stock Unit Agreement (performance vesting)		10-K	9/12/2008
10.60+	Intuit Executive Relocation Policy		10-K	9/15/2009
10.61+	Intuit Inc. 2005 Executive Deferred Compensation Plan, effective January 1, 2005		10-Q	12/10/2004
10.62+	Intuit 2002 Equity Incentive Plan and related plan documents, as amended July 30, 2003		10-K	9/19/2003
10.63+	Intuit 1993 Equity Incentive Plan, as amended January 16, 2002		10-Q	2/28/2002
10.64+	Intuit Employee Stock Purchase Plan, as amended December 15, 2006		S-8 333-139452	12/18/2006
10.65+	Intuit Employee Stock Purchase Plan, as amended December 15, 2009		S-8 333-163728	12/15/2009
10.66+	Intuit Inc. Employee Stock Purchase Plan, as amended through January 19, 2012		S-8 333-179110	1/20/2012
10.67+	Intuit 1996 Directors Stock Option Plan and forms of Agreement, as amended by the Board on January 30, 2003		10-Q	2/28/2003
10.68+	Intuit Inc. Performance Incentive Plan for Fiscal Year 2011		8-K	7/26/2010
10.69+	Intuit Inc. Performance Incentive Plan for Fiscal Year 2012		8-K	7/22/2011
10.70+	Intuit Inc. Performance Incentive Plan for Fiscal Year 2013		8-K	7/27/2012
10.71+	Intuit Executive Deferred Compensation Plan, effective March 15, 2002		10-Q	5/31/2002
10.72+	Intuit Senior Executive Incentive Plan adopted on December 12, 2002		DEF 14A Appendix 3	10/23/2002
10.73+	Intuit Senior Executive Incentive Plan adopted on October 23, 2007		8-K	12/17/2007

Edgar Filing: INTUIT INC - Form 10-K

10.74+	Form of Indemnification Agreement entered into by Intuit with each of its directors and certain officers	10-K	9/25/2002
10.75+	Employment offer letter between Intuit Inc. and Laura A. Fennell, dated March 31, 2004	10-Q	12/1/2011
10.76+	Form of Amended and Restated Employment Agreement dated December 1, 2008 between Intuit Inc. and Kiran M. Patel	8-K	12/2/2009
10.77+	Amendment dated December 1, 2008 to Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. R. Neil Williams dated November 2, 2007	10-Q	12/4/2008
10.78+	Letter Regarding Terms of Employment by and between Intuit Inc. and Dan Maurer dated November 16, 2005, Promotion Memo dated January 16, 2008 and Amendment dated December 1, 2008	10-Q	12/6/2010
10.79+	Amendment dated December 1, 2008 to Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. Brad D. Smith dated October 1, 2007	10-Q	12/4/2008

Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.80+	Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. Brad D. Smith, dated October 1, 2007		8-K	10/5/2007
10.81+	Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. R. Neil Williams, dated November 2, 2007		8-K	11/8/2007
10.82+	Employment Agreement dated September 2, 2005 between Intuit and Kiran Patel		8-K	9/8/2005
10.83+	Director Compensation Agreement between Intuit and Dennis D. Powell, dated February 11, 2004		10-Q	6/14/2004
10.84	Letter Agreement, dated October 12, 2009, among Intuit Inc., Relational Investors LLC and each of the other persons set forth on the signature pages thereto		8-K	10/13/2009
10.85	Five Year Credit Agreement dated as of March 22, 2007, by and among Intuit, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, and Citicorp USA, Inc., as administrative agent		8-K	3/22/2007
10.86	Five Year Credit Agreement dated as of February 17, 2012, by and among Intuit Inc., the Lenders parties thereto, JPMorgan Chase Bank, N.A. as administrative agent, U.S. Bank National Association and Wells Fargo Bank, National Association, as co-syndication agents, and Union Bank, N.A. as documentation agent		10-Q	2/29/2012
10.87	Free On-Line Electronic Tax Filing Agreement Amendment, effective as of October 30, 2005 between the Internal Revenue Service and the Free File Alliance, LLC		10-Q	12/5/2005
10.88	Free On-Line Electronic Tax Filing Agreement Amendment dated November 5, 2009 between the Internal Revenue Service and the Free File Alliance, LLC		10-Q	12/4/2009
10.89#	Master Services Agreement between Intuit and Arvato Services, Inc., dated May 28, 2003		10-K	9/19/2003
10.90	Second Amendment to Master Service Agreement between Intuit and Arvato Services, Inc., effective May 29, 2007		10-K	9/14/2007
10.91#	Amendment 3 to Master Services Agreement between Intuit and Arvato Services, Inc., effective April 1, 2008		10-Q	5/30/2008

Edgar Filing: INTUIT INC - Form 10-K

10.92#	Amendment 5 to the Master Services Agreement between Intuit and Arvato Digital Services LLC effective August 19, 2010	10-Q	12/6/2010
10.93#	Lease, dated as of March 28, 2005, made by and between Kilroy Realty, L.P. and Intuit Inc. for property located on Torrey Santa Fe Road, San Diego	10-Q	6/7/2005
10.94	First Amendment to Lease, dated as of March 31, 2006, by and between Intuit and Kilroy Realty, L.P. for property in San Diego, California	10-Q	6/9/2006
10.95	Lease Expiration Advancement Agreement effective July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue and 2650, 2675, 2700 and 2750 Coast Avenue, Mountain View, CA	10-K	9/19/2003
10.96	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue, Mountain View, CA	10-K	9/19/2003
10.97	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2650, 2675, 2700 and 2750 Coast Avenue and 2600 Casey Avenue, Mountain View, California	10-K	9/19/2003
10.98	Lease Agreement dated as of March 29, 1999 between Intuit and various parties as Landlord for 2632 Marine Way, Mountain View, California	10-K	10/13/2001



Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.99#	Second Amendment to Lease Agreement Phase 1, effective January 1, 2011, between Intuit Inc. and Charleston Properties		10-Q	3/1/2011
10.100#	Third Amendment to Lease Agreement Phase 2, effective January 1, 2011, between Intuit Inc. and Charleston Properties		10-Q	3/1/2011
21.01	List of Intuit's Subsidiaries	X		
23.01	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	X		
24.01	Power of Attorney (see signature page)	X		
31.01	Certification of Chief Executive Officer	X		
31.02	Certification of Chief Financial Officer	X		
32.01*	Section 1350 Certification (Chief Executive Officer)	X		
32.02*	Section 1350 Certification (Chief Financial Officer)	X		
101.INS	XBRL Instance Document	X		
101.SCH	XBRL Taxonomy Extension Schema	X		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X		
101.LAB	XBRL Taxonomy Extension Label Linkbase	X		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X		
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X		

+ Indicates a management contract or compensatory plan or arrangement.

# We have requested confidential treatment for certain portions of this document pursuant to an application for confidential treatment sent to the Securities and Exchange Commission (SEC). We omitted such portions from this filing and filed them separately with the SEC.

\* This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Intuit specifically incorporates it by reference.

(b) Exhibits  
See Item 15(a)(3) above.

- (c) Financial Statement Schedules  
See Item 15(a)(2) above.

105

---

Tables of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

INTUIT INC.

Dated: September 13, 2012

By: /s/ R. NEIL WILLIAMS  
R. Neil Williams  
Senior Vice President and Chief Financial  
Officer  
(Principal Financial Officer)

106

---

Tables of Contents

## POWER OF ATTORNEY

By signing this Annual Report on Form 10-K below, I hereby appoint each of Brad D. Smith and R. Neil Williams as my attorney-in-fact to sign all amendments to this Form 10-K on my behalf, and to file this Form 10-K (including all exhibits and other documents related to the Form 10-K) with the Securities and Exchange Commission. I authorize each of my attorneys-in-fact to (1) appoint a substitute attorney-in-fact for himself and (2) perform any actions that he believes are necessary or appropriate to carry out the intention and purpose of this Power of Attorney. I ratify and confirm all lawful actions taken directly or indirectly by my attorneys-in-fact and by any properly appointed substitute attorneys-in-fact.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
Principal Executive Officer:		
/s/ BRAD D. SMITH Brad D. Smith	President, Chief Executive Officer and Director	September 13, 2012
Principal Financial Officer:		
/s/ R. NEIL WILLIAMS R. Neil Williams	Senior Vice President and Chief Financial Officer	September 13, 2012
Principal Accounting Officer:		
/s/ JEFFREY P. HANK Jeffrey P. Hank	Vice President, Finance and Chief Accounting Officer	September 13, 2012
Additional Directors:		
/s/ CHRISTOPHER W. BRODY Christopher W. Brody	Director	September 13, 2012
/s/ WILLIAM V. CAMPBELL William V. Campbell	Chairman of the Board of Directors	September 13, 2012
/s/ SCOTT D. COOK Scott D. Cook	Director	September 13, 2012
/s/ DIANE B. GREENE Diane B. Greene	Director	September 13, 2012
/s/ EDWARD A. KANGAS Edward A. Kangas	Director	September 13, 2012
/s/ SUZANNE NORA JOHNSON Suzanne Nora Johnson	Director	September 13, 2012
/s/ DENNIS D. POWELL Dennis D. Powell	Director	September 13, 2012

Dennis D. Powell

/s/ JEFF WEINER  
Jeff Weiner

Director

September 13, 2012

107

---

Tables of Contents

## EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.16+	Form of Restricted Stock Unit Agreement (service-based vesting)
10.17+	Form of Restricted Stock Unit Agreement (executive vesting)
10.18+	Form of Executive Performance-Based Restricted Stock Unit Agreement (three year operating goals)
10.19+	Form of Executive Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)
10.23+	Form of Restricted Stock Unit Agreement (CEO vesting)
10.24+	Form of CEO Performance-Based Restricted Stock Unit Agreement (three year operating goals)
10.25+	Form of CEO Performance-Based Restricted Stock Unit Agreement (total shareholder return objectives)
10.34+	Form of Restricted Stock Unit Grant Agreement for MSPP Purchased Award
10.35+	Form of Restricted Stock Unit Grant Agreement for MSPP Matching Award
21.01	List of Intuit's Subsidiaries
23.01	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
24.01	Power of Attorney (see signature page)
31.01	Certification of Chief Executive Officer
31.02	Certification of Chief Financial Officer
32.01*	Section 1350 Certification (Chief Executive Officer)
32.02*	Section 1350 Certification (Chief Financial Officer)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

- + Indicates a management contract or compensatory plan or arrangement.
- \* This certification is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Intuit specifically incorporates it by reference.