Intuit Inc.
First-Quarter Fiscal 2010
Conference Call Remarks
November 19, 2009

Introduction

Good afternoon and welcome to Intuit's first-quarter 2010 conference call. I'm here with Brad Smith, Intuit's president and CEO, Neil Williams, our CFO, and Scott Cook, our founder.

Before we get started, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2009 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's Web site at intuit.com. We assume no obligation to update any forward-looking statement.

Some of the numbers in this report are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's press release.

A copy of our prepared remarks and supplemental financial information will be available on our Web site after this call ends.

With that, I'll turn the call over to Brad Smith.

First Quarter 2010 Overview

Thanks, Jerry, and thanks to all of you for joining us.

It has been a busy start to our fiscal year. Let me share a few highlights:

- In our first fiscal quarter, we delivered solid growth in our core businesses. In particular, we're pleased with the strong double-digit growth in both QuickBooks units and Payments merchants, as well as the continuing acceleration of revenue growth in our Financial Institutions segment.
- In addition, our progress in successfully integrating PayCycle is on track, and we completed the acquisition of Mint.com in early November. These two acquisitions are great examples of our commitment to our connected services strategy. We're building and acquiring great talent, technology and products that extend our leadership position in the online space.

As I said, it's been a busy start to the year, and the good news is, all of this activity is translating into strong financial performance.

Today we announced first-quarter revenue of $493 million, which is at the top end of our guidance range. Our earnings per share and operating loss were both much better than the range we had originally guided. While this was due in part to a shift in marketing expenses from Q1 to Q2, we clearly performed well in the first quarter. Our Q1 financial performance enables us to absorb the impact of the Mint acquisition without adjusting our guidance for the full-year.

We still expect fiscal year revenue growth of 4 to 8 percent, operating income growth of 6 to 10 percent and free cash flow growth of over 15 percent. Said another way, we're on track to deliver another good year for Intuit.

This is in spite of the economy. I'm often asked whether we see signs of an upturn. While we do believe we have seen the bottom, we haven't seen any sustained positive trends in consumer spending or new business formations to suggest a rapid recovery. More positive indicators may come during calendar 2010, but we don't expect them to materially affect our results this fiscal year. With that said, we do expect to deliver improved operating results without the benefit of a rebound in the economy. And we're continuing to make the necessary decisions and investments to position us for accelerated growth when the economy does improve.

I'll talk more about this later, but first, let me turn it over to Neil to share the highlights of our first quarter financial results.

Financial and Segment Highlights

Thanks Brad. Let's start with overall company results. Our financial results included:

- Revenue of $493 million, up 2 percent and at the top end of our guidance range.
- A non-GAAP operating loss of $39 million, $21 million better than the top end of our guidance range.
- A non-GAAP net loss of 10 cents per share, which was 5 cents better than the top end of our guidance range.
- And a GAAP net loss of 21 cents per share, 3 cents better than the top end of our guidance range.

In addition to the shift in marketing expenses Brad mentioned, our continued diligence on spending and resource allocation contributed to the better-than-expected results this quarter. The operating loss is slightly larger than we had last year, but it's important to note that last year's Q1 results included an unusual $17 million benefit from compensation-related items. Adjusting for that unusual item, the Q1 operating loss is $7 million less than it was last year.

Small Business Group

In our **Small Business Group**, we continue to play offense, growing customers in all of our Small Business divisions. The economic environment remains similar to the past few quarters. Payments charge volume per merchant was down 8 percent year-over-year. This is slightly better than last quarter and leads us to believe consumer spending is becoming more stable. Total Small Business Group revenue in the first quarter was flat with a year ago.

In our Financial Management Solutions segment, QuickBooks units grew a strong 15 percent. Revenue declined 7 percent, about three points of which was driven by increased use of consignment in our retail channel and four points of which was driven by heavier promotion of QuickBooks 2009 than we had last year. We learned a lot last year about how best to balance our promotions for QuickBooks and to allocate our promotional dollars differently for QuickBooks 2010.

Our Employee Management Solutions revenue was up 9 percent. The PayCycle integration continues to go smoothly, contributing to strong revenue growth. And we continue to see strong retention of our existing Payroll customers.

Payment Solutions revenue was up 4 percent driven by strong growth in our customer base, which was up 12 percent in Q1. As I mentioned, charge volume per merchant was down 8 percent in the quarter.

Tax

Our **Consumer Tax** group had revenue of $22 million in the first quarter, up $8 million from last year. This increase is driven by more people filing extensions and then completing their tax returns by the Oct. 15 filing deadline than in the prior year. And including e-file in our desktop product resulted in revenue from tax year 2008 being deferred into the first quarter of our fiscal 2009. Our final unit share was up three points. We estimate the total number of returns filed with the IRS were down versus last year despite the strong finish.

TurboTax for 2009 will go on sale in retail stores on Nov. 27, and the season begins in earnest in January. We'll provide tax season updates this year in the same time frame as last year. The first update is scheduled for February, when we announce second-quarter results. The second will be in mid-March. The final update will come in mid-April. We have confidence in our offerings for this season as we continue to focus on making TurboTax the easiest way for taxpayers to get the biggest possible refund. You'll see customer-driven improvements, new marketing and advertising and a continued focus on winning with Free.

As we've mentioned, we expect the total number of individual tax returns filed with the IRS for tax year 2009 to be slightly down again this year.

Financial Institutions

The Financial Institutions division continues to gain momentum with 7 percent revenue growth and strong user growth. Internet Banking users were up 4 percent in Q1 and bill pay users were up 19 percent. Our sales activity remains productive. This quarter we signed a large regional bank that will become one of our largest customers when we convert them to our platform in 2010.

Other Businesses

Our Other Businesses segment posted a 5 percent revenue decline in Q1, driven by a later Quicken launch than we had last year.

Balance Sheet and Capital Allocation

We expect to generate strong cash flows, in line with our operating income and maintain a strong balance sheet. We continue to evaluate internal and external investments against a risk adjusted return of 15 to 20 percent over a five-year horizon. Our priorities are to invest cash in internal growth opportunities, infrastructure that enables growth, and strategic acquisitions and partnerships. We also expect to continue to repurchase Intuit securities in the market.

In the first quarter, we purchased $300 million of Intuit stock, which used the remaining funds from our prior repurchase program. The board has approved a new repurchase program of $600 million. Over the past seven years, we've returned over $5 billion to shareholders in the form of share repurchases.

Guidance

As Brad mentioned, we are reiterating our full year guidance inclusive of the Mint acquisition. For fiscal year 2010 we expect:

- Revenue of $3.3 billion to $3.43 billion, growth of 4 to 8 percent.
- Non-GAAP operating income of $985 million to $1.025 billion, growth of 6 to 10 percent.
- Non-GAAP diluted EPS of $1.89 to $1.96, growth of 4 to 8 percent. As you may recall, in FY09 both our GAAP and our non-GAAP earnings per share benefited from certain tax items. Adjusting for those items, FY10 non-GAAP earnings per share growth would be 8 to 12 percent.
- GAAP operating income of $785 million to $825 million, or growth of 15 to 21 percent.
- GAAP diluted EPS of $1.49 to $1.56, growth of 10 to 16 percent.

For the second-quarter we expect:

- Revenue of $800 million to $835 million, growth of 1 to 6 percent. This year we expect a $9 million shift in accounting professionals revenue from the second quarter to later in the year.
- Non-GAAP operating income of $160 million to $175 million, compared with $172 million in the year-ago quarter.
- Non-GAAP diluted EPS of $0.29 to $0.32, compared with $0.34 in the year-ago quarter.
- GAAP operating income of $94 million to $109 million, compared with $109 million in the year-ago quarter.
- GAAP diluted EPS of $0.15 to $0.18, compared with $0.26 in the year-ago quarter.

The year-over-year growth in revenue and earnings in Q2 is smaller than it would otherwise be because of the $9 million shift in accounting professionals revenue I mentioned. That revenue would have passed directly to operating income. In addition, the operating expenses for PayCycle and Mint are in the expense figures this quarter.

With that I'll turn the call back to Brad.

<u>Overall Business Perspective</u>

Thanks Neil.

Clearly, we're off to a good start and we're on track to deliver solid revenue and earnings growth for fiscal 2010.

Our long-term goal remains unchanged: to be an innovative growth company that helps consumers and small businesses save and do more with their money – basically putting more money in their pockets.

We're making strong progress against our three key strategies to accelerate growth:

- First, by driving growth in our core businesses.
- Second, by building adjacent businesses and entering new geographies.
- And third, by accelerating our transition to connected services.

Let me share a few highlights of our progress against each of these areas in the first quarter:

In our core businesses, we continue to make progress behind delivering the customer benefit of helping end users save and make money, and we're doing it in a way that is easier and a better value than other alternatives in the market. We know this formula leads to a positive customer experience and increases word-of-mouth, which expands our categories and grows our customer bases.

- In the first quarter, we drove double digit customer growth across our small business franchise, increased Internet Banking and bill pay users in our Financial Institutions business, and continued to expand our share of tax filers who filed an extension after April 15. These trends are positive indicators of future growth potential with our proven model of increasing revenue per user over time.

In building adjacent businesses, we have good activity occurring across the company.

- In our Small Business Group, our mission to help small businesses succeed and improve their bottom line by 20 percent is being strengthened by our move into the "front office" with solutions that help small businesses acquire new customers and grow. In the first quarter, we tested TV advertising behind our Homestead Web site services and contributed to 45 percent growth in new subscribers year-over-year. This value proposition clearly resonates for small businesses, and opens new front doors into the Intuit franchise.
- Another example of capitalizing on adjacent business opportunities is occurring in our Financial Institutions business, where our new TurboTax Online Banking solution recently won best-in-show at "Finovate," the banking industry's innovation contest. Through combining TurboTax Online into our Digital Insight banking platform, we've

created a three-way win. For consumers filing their taxes, we can import much of the information required, eliminating data entry and reducing the amount of time required to complete their tax return. For the financial institution, this service has proven to be a highly valued offering for their customers, with the added benefit of over 90 percent of the tax refunds being deposited into the host financial institution's deposit accounts. And for Intuit, it leverages synergy between two of our core businesses and creates incremental sales and a real competitive advantage.

- These are just a few examples of our focus on expanding into adjacent businesses. We'll share more in the future.

Finally, the third element of our strategy is to accelerate our transition as a company to connected services.

- A recent example of this is our acquisition of Mint.com. Mint re-imagined the business Quicken built 25 years ago. Instead of simply tracking and categorizing expenses, they identified ways to leverage the user's data with their permission to find savings on things like credit cards and home loans. We plan to make Mint's innovative technology and "ways to save engine" available to millions of Intuit customers over time, starting with Quicken and our TurboTax.
- Mint is just one example of our commitment and execution behind our connected services strategy. Whether it's TurboTax Online, QuickBooks Online, Intuit's Online Payroll Services, Digital Insight, or the broad array of other services and hosted applications we offer, we are extending our leadership position in every online category in which we compete. And you can expect us to continue to invest more of our focus and resources in these areas as we move forward.

If I sound encouraged, it's because I am. Despite the economic uncertainty, we're continuing to build momentum, and I like our position a lot. Our vision is clear. We have a game plan to win, with three key strategies to accelerate growth, and a motivated team of talented employees is making it happen.

Before we get to your questions, I'd like to first extend a special thank you to Steve Bennett for the leadership, professionalism and operational rigor he brought to our company during his eight years as CEO and the last two years as a board member. Steve contributed a lot to Intuit, and was a wonderful mentor and friend, and we wish him the very best in his next chapter. In addition, I'd like to mention that we've nominated David Batchelder to stand for election to the board. David brings extensive outside experience and will offer an institutional shareholder perspective on our board. We look forward to David joining the board after the December shareholder meeting.

Finally I'd like to thank our employees who have helped contribute to a great first-quarter. We're looking forward to the year ahead, and to capitalizing on the opportunities we see in our future.

With that, let me turn it over to you for your questions.

About Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. These measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year. We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when planning and forecasting and when assessing the performance of the organization, our individual operating segments or our senior management. Segment managers are not held accountable for share-based compensation expenses, acquisition-related charges, or the other excluded items and, accordingly, we exclude these amounts from our measures of segment performance. We believe that our non-GAAP financial measures also facilitate the comparison by management and investors of results for current periods and guidance for future periods with results for past periods.

The tables that accompany the press release issued by Intuit on November 19, 2009 provide more details on Intuit's historical performance and financial projections, a description of our non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. A copy of the press release can be found on the investor relations page of Intuit's web site at www.intuit.com/about_intuit/investors.

Cautions About Forward-Looking Statements

These materials contains forward-looking statements, including forecasts of Intuit's future expected financial results; its prospects for the business in fiscal 2010; expectations regarding economic conditions; expectations regarding the features and timing of future products and services; expected number of tax returns to be filed; expectations of future growth; and all of the statements under the heading "Guidance."

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: product introductions and price competition from our competitors can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities or public policy affecting the preparation and filing of tax returns could negatively affect our operating results and market position; we may not be able to successfully introduce new products and services to meet our growth and profitability objectives, and current and future products and services may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; 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 financial results; if economic and market conditions in the U.S. and worldwide continue to decline, our customers may delay or reduce technology purchases which may harm our business, results of operations and financial condition; any significant product quality problems or delays in our products could harm our revenue, earnings and reputation; any failure to properly use and protect personal customer information could harm our revenue, earnings and reputation; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; predicting tax-related revenues is challenging due to the heavy concentration of activity in a short time period; we have implemented, and are continuing to upgrade, new information systems and any problems with these new systems could interfere with our ability to deliver products and services and gather information to effectively manage our business; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; our acquisition activities may be disruptive to Intuit and may not result in expected benefits; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2009 and in our other SEC filings. You can locate these reports through our website at http://www.intuit.com/about_intuit/investors. Forward-looking statements are based on information as of Nov. 19, 2009, and we do not undertake any duty to update any forward-looking statement or other information in these materials.