Intuit Inc.
Second-Quarter Fiscal 2012
Conference Call Remarks
February 21, 2012

Introduction

Good afternoon and welcome to Intuit's second-quarter 2012 conference call. I'm here with Brad Smith, our president and CEO; Neil Williams, our CFO; and Scott Cook, our founder.

Before we start, 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 2011 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website 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.

Unless otherwise noted, all growth rates refer to the current period versus the comparable prior-year period.

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

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

Fiscal Second Quarter 2012 Overview

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

We had a strong second quarter and have continued our momentum from the great start to the year. For the first time ever, we generated revenue of more than $1 billion in our fiscal second quarter. We grew revenue double-digits, driven by our core businesses, and we grew operating income and earnings per share faster than revenue, consistent with our operating principles.

We remain confident in this growth trajectory as we continue to benefit from the long-term, structural shift to connected services.

Each year at this time, I recognize that you are increasingly focused on tax, and so are we. It's still early in the season, but I'm pleased with how the business is performing so far. There's still a lot of game left to play and, as usual, we've got some moving parts that are reflected in our results.

Our team's relentless focus on customer-driven innovation to deliver great product experiences continues to delight TurboTax users. Their efforts are validated by the market's reaction to this year's TurboTax product lineup, which includes:

- PC Magazine once again naming TurboTax its Editor's Choice.
- This year's SnapTax mobile application earning five out of five stars in the Apple app store.
- And TurboTax for iPad currently ranking as the highest-grossing iPad app.

In addition, our new free tax advice offering is generating positive customer feedback, and is helping TurboTax customers gain confidence that their taxes are done right and that they're getting the biggest refund they're entitled to receive.

Stepping back to look at the early tax season trends, we believe that total tax returns e-filed year-to-date are up slightly versus this time last year, but are down compared to tax year 2009. This means the trend we've seen for the past few years is continuing: Consumers are waiting until later in the season to file.

With that said, third-party data and the TurboTax unit data through Feb. 18 that we shared today give us confidence that the software category is growing and that we're performing well. This is consistent with our plans for the season, and as a result, we're reiterating our full-year guidance for consumer tax revenue growth of 10 to 13 percent.

While tax is top of mind, let's not lose sight of the performance in our other core businesses. Our Small Business Group continues to execute well. Small business revenue grew 9 percent in the quarter, and is up 11 percent for the first half of fiscal 2012. We are on track to achieve our Small Business revenue guidance of 10 to 12 percent for the full year.

Fueling our growth in small business is the continued shift to connected services. Examples in the second quarter include:

- QuickBooks Online subscribers growing 35 percent.
- Online payroll subscribers growing 22 percent.
- And payments customers growing 11 percent, driven by growth in our mobile payments solution, GoPayment.

This secular shift to digital solutions is good news for customer acquisition overall. Over 50 percent of customers using the Intuit Online Payroll offering are new to Intuit. And for

QuickBooks Online and GoPayment, more than 70 percent of customers are new to the franchise.

The digital shift also continues to enrich our mix, as connected services generate recurring revenue streams and favorable lifetime value economics for Intuit. For example, QuickBooks Online has a lifetime value that is about 20 percent higher than QuickBooks desktop.

And better yet, the shift to online is accelerating across the company, with connected services representing 60 percent of total revenue in the first half of fiscal 2012, up from 54 percent in the first half of last year.

That shows up in the financial results we announced today and demonstrates that our strategy is working.

As a reminder, our three-point growth strategy remains unchanged:

- To first, drive growth in our core businesses, which benefit from high share, low penetration and superior net promoter scores relative to competitive alternatives and other substitute methods.
- Second, to build adjacent businesses and enter new geographies, which we expect to add 1-2 points of growth over the next several years.
- And third, to accelerate our company's transition to connected services, which now represent 62 percent of total annual revenue, with over 35 million customers using our hosted offerings.

I am pleased with the results this quarter, but there's still a lot of ground to cover this year.

With that, I'll turn it over to Neil cover the financial details.

Financial and Segment Highlights

Thank you, Brad.

Let's start with total company performance for the second quarter of fiscal year 2012. Our financial results were:

- Revenue of $1.02 billion, up 16 percent.
- Non-GAAP operating income of $249 million, up 52 percent, and GAAP operating income of $192 million, up 73 percent.
- Non-GAAP net income of 51 cents per share, up 59 percent, and GAAP net income of 39 cents per share, up 70 percent.

We're very pleased with our overall financial performance in the second quarter.

Business Segment Results

Turning to business segment highlights:

Total **Small Business Group** revenue grew 9 percent for the quarter.

Within Small Business, **Financial Management Solutions** revenue grew 6 percent, which compares to growth of 21 percent in last year's second quarter. As a reminder, last year we benefitted from a price increase for QuickBooks Pro and accelerating growth in QuickBooks Online and Enterprise Solutions. Online and Enterprise customers continue to drive an improved revenue mix; the revenue for those two offerings combined is up 31 percent year to date.

Employee Management Solutions revenue grew 9 percent for the quarter, driven by online growth, improved direct deposit attach, and mix. Online payroll subscribers grew 22 percent.

Payment Solutions revenue grew 17 percent in the second quarter. Revenue growth was fairly balanced between total payments volume growth, which was up 10 percent, and adjustments in rates and fees. The total number of merchants grew by 11 percent.

Tax

Our **Consumer Tax** revenue totaled $295 million in the second quarter, up 44 percent versus the second quarter of fiscal 2011. As you'll recall, the IRS was unable to accept certain returns until mid-February last year, which contributed to a year-over-year decline in Consumer Tax revenue in the second quarter of fiscal 2011.

Accounting Professionals segment revenue increased by 8 percent in the second quarter. Renewal rates remain strong, and we're confident in our full-year guidance for this segment.

As Brad mentioned, we're off to a strong start and on track for the full tax season. As we do each year, we will release additional tax unit updates in mid-March and late April.

Financial Services

The **Financial Services** segment also executed well in the second quarter, growing revenue 9 percent. Internet banking end users grew by 3 percent, and bill pay end users grew by 9 percent. Our growth in this business is driven by ongoing adoption of our online and mobile banking capabilities, with mobile users nearly tripling over the last year to 1.6 million.

Other Businesses

Revenue in our **Other Businesses** segment declined 5 percent in the second quarter. The decrease is primarily the result of a decline in Quicken revenue. Our global business grew 8 percent, and Intuit Health grew 33 percent off a small base.

Balance Sheet and Resource Allocation

Shifting to the balance sheet:

The sound financial principles that support our strategy and objectives have not changed. Over the long term, we expect double-digit organic revenue growth, and we expect to grow revenue faster than expenses.

We seek to deploy the cash we generate to the highest-yield opportunities, and we target risk-adjusted returns of greater than 15 percent. Beyond internal growth investments and M&A, we consistently return cash to shareholders.

On Jan. 18, we paid a cash dividend to shareholders, and our board approved a $0.15 per share dividend for our fiscal third quarter.

In the second quarter, we repurchased $331 million worth of our shares, leaving a little over $2 billion remaining on our current authorization.

Third Quarter and Full-year FY12 Guidance

Finally, turning to our guidance:

We are reiterating our **fiscal year 2012** guidance for revenue and raising operating income and EPS guidance. We expect:

- Revenue of $4.185 billion to $4.285 billion, growth of 9 to 11 percent.
- Non-GAAP operating income of $1.405 billion to $1.43 billion, growth of 12 to 14 percent.
- GAAP operating income of $1.19 billion to $1.215 billion, growth of 18 to 21 percent.
- Non-GAAP diluted EPS of $2.90 to $2.97, growth of 16 to 18 percent.
- GAAP diluted EPS of $2.43 to $2.50, growth of 22 to 25 percent.

For the **third quarter of fiscal 2012**, we expect:

- Revenue of $1.95 billion to $1.99 billion.
- Non-GAAP operating income of $1.14 billion to $1.17 billion.
- GAAP operating income of $1.095 billion to $1.125 billion.
- Non-GAAP diluted EPS of $2.47 to $2.51.
- GAAP diluted EPS of $2.36 to $2.40.

We are also reiterating EPS guidance ranges for the **fourth quarter of fiscal 2012**:

- Non-GAAP diluted EPS of $0.06 to $0.08.
- GAAP basic and diluted loss per share of $0.02 to $0.04.

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

Closing Comments

Thanks, Neil.

Each quarter, we share with you the long-term trends that are driving Intuit's growth. And for good reason – these trends demonstrate the durability of our strategy and our favorable position in a fast-growing market for digital solutions. Our strategy to grow our categories and increase our share endures; our core businesses are healthy, with expanding customer bases and improving revenue per customer.

As I think longer term, our opportunity to grow customers and revenue by converting non-consumption across our businesses has never been stronger, as customers continue to shift to digital solutions and mobile devices.

Even in tough economic times, consumers and small businesses are demanding digital solutions to help them save time and money. Intuit will continue to deliver on our mission to improve our customers' financial lives through delivering easy-to-use, innovative solutions that are accessible anywhere, any time, on any device.

And to deliver on that mission, we recognize that it all begins with having talented and engaged employees. On that note, I'm proud to share that Intuit ranked No. 19 on Fortune's list of best places to work – our highest ranking ever. I want to thank our employees for making a difference in our customers' lives, and for making Intuit a great place to work.

With that, let's turn to 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, amortization of acquired intangible assets, 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 Feb. 21, 2012 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 website at http://investors.intuit.com.

Cautions About Forward-Looking Statements

These materials contains forward-looking statements, including forecasts of expected growth and future financial results of Intuit and its reporting segments; Intuit's prospects for the business in fiscal 2012 and beyond; expectations regarding growth opportunities in Intuit's core and adjacent businesses and from connected services; expectations regarding timing and growth of revenue for each of Intuit's reporting segments and from current or future products and services; expectations regarding customer growth; expectations regarding the amount and timing of any future dividends; expectations regarding availability of our offerings; and all of the statements under the heading "Third Quarter and Full-year FY12 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: inherent difficulty in predicting consumer behavior; difficulties in receiving, processing, or filing customer tax submissions; consumers may not respond as we expected to our advertising and promotional activities; 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 innovate and introduce new offerings and business models to meet our growth and profitability objectives, and current and future offerings 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 future financial results; as we upgrade and consolidate our customer facing applications and supporting information technology infrastructure, any problems with these implementations could interfere with our ability to deliver our offerings; any failure to properly use and protect personal customer information and data could harm our revenue, earnings and reputation; if we are unable to develop, manage and maintain critical third party business relationships, our business may be adversely affected; increased government regulation of our businesses may harm our operating results; if we fail to process transactions effectively or fail to adequately protect against potential fraudulent activities, our revenue and earnings may be harmed; any significant offering quality problems or delays in our offerings could harm our revenue, earnings and reputation; our participation in the Free File Alliance may result in lost revenue opportunities and cannibalization of our traditional paid franchise; the continuing global economic downturn may continue to impact consumer and small business spending, financial institutions and tax filings, which could negatively affect our revenue and profitability; year-over-year changes in the total number of tax filings that are submitted to government agencies due to economic conditions or otherwise may result in lost revenue opportunities; 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; 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 inability to adequately protect our intellectual property rights may weaken our competitive position and reduce our revenue and earnings; 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; our use of significant amounts of debt to finance acquisitions or other activities could harm our financial condition and results of operation; 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 2011 and in our other SEC filings. You can locate these reports through our website at http://investors.intuit.com. Forward-looking statements are based on information as of Feb. 21, 2012, and we do not undertake any duty to update any forward-looking statement or other information in these materials.