May 24, 2016

Intuit Posts Strong Third-quarter Results; Raises Full-year Guidance

Growth Driven by Significant Innovation Across Offerings; TurboTax Online Units Grew 15 Percent

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Intuit Inc. (Nasdaq: INTU) announced financial results for the third quarter of fiscal year 2016, which ended April 30.

“This was simply a great season for TurboTax,” said Brad Smith, Intuit’s chairman and chief executive officer. “We delivered an awesome product experience and we remain committed to continuing to invest and build on our competitive advantage to drive share gains for our product and the category.

“This was a strong quarter for small business as well, led by robust new-user growth in our QuickBooks Online ecosystem. As a result of the strong year we’ve delivered through three quarters, we’ve raised our revenue, operating income and earnings per share guidance for the year,” Smith said.

Financial Highlights

In the third quarter Intuit:

- Reported revenue of $2.304 billion, up 8 percent.
- Grew TurboTax Online units 15 percent for the tax season. Total TurboTax units grew 12 percent.
- Added 140,000 QuickBooks Online subscribers in the quarter, bringing the total to 1,397,000 paid subscribers worldwide at the end of April.
- Raised revenue, operating income and earnings per share guidance for the fiscal year.

Unless otherwise noted, all growth rates refer to the current period versus the comparable prior-year period, and the business metrics and associated growth rates refer to worldwide business metrics.

Business Segment Results

The segment results below exclude results for QuickBase, Quicken and Demandforce, which were recently sold, and reported as discontinued operations.

Small Business

- Total Small Business segment revenue increased 12 percent.
- Small business online ecosystem revenue grew approximately 24 percent, driven by

online customer acquisition.
    - New QuickBooks desktop and online customers combined grew 16 percent year to date.
    - Roughly 75,000 QuickBooks Online subscribers are using QuickBooks Self-Employed, up from 50,000 last quarter.
    - Outside the United States, QuickBooks Online grew 60 percent, to 255,000 paying subscribers.
    - Online payroll customers grew by 17 percent.
    - Online payments customers increased by 6 percent, and online payments charge volume increased by 18 percent.

Consumer and Professional Tax

- Consumer Tax revenue was up 7 percent in the third quarter.
- The company increased full-year Consumer Tax revenue growth guidance to 9 percent, up from the previous guidance range of 5 to 7 percent.
- For the third consecutive year, TurboTax gained share within the DIY software category, bringing Intuit's total software category share to roughly 65 percent.
- ProConnect Group professional tax revenue was $126 million for the quarter, roughly the same as in the third quarter of fiscal 2015.

Snapshot of Third-quarter Results

	GAAP			Non-GAAP		
	Q3 FY 16	Q3 FY 15	Change	Q3 FY 16	Q3 FY 15	Change
Revenue	$2,304	$2,135	8%	$2,304	$2,135	8%
Operating Income	$1,285	$1,066	21%	$1,359	$1,221	11%
EPS	$ 3.94	$ 1.78	121%	$ 3.43	$ 2.85	20%

Dollars are in millions, except earnings per share. See "About Non-GAAP Financial Measures" below for more information regarding financial measures not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Q3 FY16 results reflect the impact of changes to certain desktop software offerings; revenue for those offerings is recognized as services are delivered, rather than up front. GAAP earnings per share reflects an after-tax gain of $176 million on the divestiture of Quicken, QuickBase and Demandforce.

Capital Allocation Summary

In the third quarter the company:

- Repurchased $465 million of shares, with $435 million remaining on its authorization as of April 30.
- Received board approval for a $0.30 per share dividend for the fiscal fourth quarter, payable on July 18. This represents a 20 percent increase versus last year.

Forward-looking Guidance

"I'm pleased with our performance and with the pace of innovation across our businesses," said Neil Williams, Intuit chief financial officer. "We're executing well, and we're on track to meet our targets for 2017."

Intuit announced guidance for the fourth quarter of fiscal year 2016, which ends July 31. The company expects:

- Revenue of $720 million to $740 million.
- GAAP operating loss of $80 million to $100 million.
- Non-GAAP operating loss of $15 million to operating income of $5 million.
- GAAP loss per share of $0.26 to $0.28.
- Non-GAAP earnings per share roughly breakeven.

Intuit increased its revenue, operating income and earnings per share guidance for full-year fiscal 2016:

- Revenue of $4.660 billion to $4.680 billion, growth of 11 to 12 percent.
- GAAP operating income of $1.185 billion to $1.205 billion, versus $738 million in fiscal 2015.
- Non-GAAP operating income of $1.490 billion to $1.510 billion, growth of 31 to 32 percent.
- GAAP diluted EPS of $3.53 to $3.55, versus $1.28 in fiscal 2015, which included goodwill and intangible asset impairment charges. Full-year fiscal 2016 GAAP earnings per share reflects an after-tax gain of $173 million on the divestiture of Quicken, QuickBase and Demandforce.
- Non-GAAP diluted EPS of $3.63 to $3.65, growth of 40 to 41 percent.

Intuit also reiterated its full-year fiscal 2016 guidance range for QuickBooks Online subscribers of 1.475 million to 1.500 million.

Conference Call Details

Intuit executives will discuss the financial results on a conference call at 1:30 p.m. Pacific time. To hear the call, dial 866-348-8108 in the United States or 908-982-4619 from international locations. No reservation or access code is needed. The conference call can also be heard live at http://investors.intuit.com/events/default.aspx. Prepared remarks for the call will be available on Intuit's Investor Relations website after the call ends.

Replay Information

A replay of the conference call will be available for one week by calling 888-266-2081, or 703-925-2533 from international locations. The access code for this call is 1671910.

The audio webcast will remain available on Intuit's website for one week after the conference call.

About Intuit

Intuit Inc. creates business and financial management solutions that simplify the business of life for small businesses, consumers and accounting professionals.

Its flagship products and services include QuickBooks® and TurboTax®, which make it easier to manage small businesses and tax preparation and filing. Mint.com provides a fresh, easy and intelligent way for people to manage their money, while Intuit's ProConnect brand portfolio includes ProSeries® and Lacerte®, the company's leading tax preparation offerings for professional accountants.

Founded in 1983, Intuit had revenue of $4.2 billion in its fiscal year 2015. The company has approximately 7,700 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at www.intuit.com.

About Non-GAAP Financial Measures

This press release and the accompanying tables include non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles, please see the section of the accompanying tables titled "About Non-GAAP Financial Measures" as well as the related Table B1, Table B2, and Table E. A copy of the press release issued by Intuit today can be found on the investor relations page of Intuit's Web site.

Cautions About Forward-looking Statements

This press release 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 2016 and beyond; expectations regarding Intuit's growth outside the US; 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 changes to our products and their impact on Intuit's business; expectations regarding the amount and timing of any future dividends or share repurchases; expectations regarding availability of our offerings; expectations regarding the impact of our strategic decisions on Intuit's business; and all of the statements under the heading "Forward-looking 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; related publicity regarding such fraudulent activity could cause customers to lose confidence in using our software and adversely impact our results; 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 the risks that may impact our business are included in our Form 10-K for fiscal 2015 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 May 24, 2016 and we do not undertake any duty to update any forward-looking statement or other information in these materials.

TABLE A

INTUIT INC.

GAAP CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Net revenue:				
Product	$ 459	$ 442	$ 994	$ 865
Service and other	1,845	1,693	2,946	2,631
Total net revenue	2,304	2,135	3,940	3,496
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	30	33	99	108
Cost of service and other revenue	181	161	465	419
Amortization of acquired technology	5	8	17	22
Selling and marketing	423	413	1,023	1,008
Research and development	228	206	646	583
General and administrative	149	131	386	365
Amortization of other acquired intangible assets	3	3	6	9
Goodwill impairment charge	—	114	—	114
Total costs and expenses [A]	1,019	1,069	2,642	2,628
Operating income from continuing operations	1,285	1,066	1,298	868
Interest expense	(10)	(7)	(26)	(21)
Interest and other income (expense), net	2	1	(7)	3
Income before income taxes	1,277	1,060	1,265	850
Income tax provision [B]	429	404	419	335
Net income from continuing operations	848	656	846	515
Net income (loss) from discontinued operations [C]	178	(155)	173	(164)
Net income	$ 1,026	$ 501	$ 1,019	$ 351
Basic net income per share from continuing operations	$ 3.30	$ 2.37	$ 3.21	$ 1.82
Basic net income (loss) per share from discontinued operations	0.70	(0.56)	0.65	(0.58)
Basic net income per share	$ 4.00	$ 1.81	$ 3.86	$ 1.24
Shares used in basic per share calculations	257	277	264	282
Diluted net income per share from continuing operations	$ 3.26	$ 2.33	$ 3.17	$ 1.79
Diluted net income (loss) per share from discontinued operations	0.68	(0.55)	0.64	(0.57)
Diluted net income per share	$ 3.94	$ 1.78	$ 3.81	$ 1.22
Shares used in diluted per share calculations	260	282	267	288

Cash dividends declared per common share	$ 0.30	$ 0.25	$ 0.90	$ 0.75

See accompanying Notes.

INTUIT INC.

NOTES TO TABLE A

[A] The following table summarizes the total share-based compensation expense that we recorded in operating income from continuing operations for the periods shown.

	Three Months Ended		Nine Months Ended	
(in millions)	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Cost of revenue	$ 2	$ 2	$ 6	$ 4
Selling and marketing	18	17	55	50
Research and development	21	19	63	56
General and administrative	24	21	73	62
Total share-based compensation expense	$ 65	$ 59	$ 197	$ 172

[B] We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period.

In December 2015 the Consolidated Appropriations Act, 2016 was signed into law. The Act includes a permanent reinstatement of the federal research and experimentation credit that was retroactive to January 1, 2015. We recorded a discrete tax benefit of approximately $12 million for the retroactive effect during the second quarter of fiscal 2016.

Our effective tax rates for the three and nine months ended April 30, 2016 were approximately 34% and 33% and did not differ significantly from the federal statutory rate of 35%.

Our effective tax rates for the three and nine months ended April 30, 2015 were approximately 38% and 39%. Excluding discrete tax items primarily related to the goodwill impairment and the reinstatement of the federal research and experimentation credit, as well as including the effects of losses in certain jurisdictions where we do not recognize a tax benefit, our effective tax rate for those periods was approximately 36% and did not differ significantly from the federal statutory rate of 35%.

[C] In the third quarter of fiscal 2016 we completed the sales of our Demandforce, QuickBase, and Quicken businesses for $463 million in cash. We recorded a $354 million pre-tax gain on the disposal of these businesses that was partially offset by a related income tax provision of $178 million, resulting in a net gain on disposal of $176 million in the third quarter of fiscal 2016.

We classified our Demandforce, QuickBase, and Quicken businesses as discontinued operations and have therefore segregated their operating results from continuing operations in our statements of operations for all periods presented. Net revenue from these businesses totaled $22 million and $137 million for the three and nine months ended April 30, 2016. Net revenue from these businesses totaled $59 million and $179 million for the three and nine months ended April 30, 2015. Net income from the operations of these discontinued operations for the three and nine months ended April 30, 2016 was not significant. Including a $149 million goodwill impairment charge, we recorded net losses of $155 million and $164 million from the operations of these discontinued operations for the three and nine months ended April 30, 2015. We have also segregated the net assets of these businesses from continuing operations on our balance sheet at July 31, 2015. Because the cash flows of these businesses were not material for any period presented, we have not segregated them on our statements of cash flows.

TABLE B1
INTUIT INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
TO MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES
(In millions, except per share amounts)
(Unaudited)

	Fiscal 2016				
	Q1	Q2	Q3	Q4	Nine Months Ended April 30, 2016
GAAP operating income (loss) from continuing operations	$ (29)	$ 42	$1,285	$—	$ 1,298
Amortization of acquired technology	6	6	5	—	17
Amortization of other acquired intangible assets	2	1	3	—	6
Gain on sale of long-lived assets	—	—	1	—	1
Share-based compensation expense	67	65	65	—	197
Non-GAAP operating income (loss) from continuing operations	$ 46	$ 114	$1,359	$—	$ 1,519
GAAP net income (loss)	$ (31)	$ 24	$1,026	$—	$ 1,019
Amortization of acquired technology	6	6	5	—	17
Amortization of other acquired intangible assets	2	1	3	—	6
Gain on sale of long-lived assets	—	—	1	—	1

Share-based compensation expense	67	65	65	—	197
Net (gain) loss on debt securities and other investments	1	1	2	—	4
Income tax effects and adjustments [A]	(21)	(35)	(31)	—	(87)
Net (income) loss from discontinued operations	—	5	(178)	—	(173)
Non-GAAP net income (loss)	$ 24	$ 67	$ 893	$—	$ 984
GAAP diluted net income (loss) per share	$(0.11)	$0.09	$ 3.94	$—	$ 3.81
Amortization of acquired technology	0.02	0.02	0.02	—	0.06
Amortization of other acquired intangible assets	0.01	—	0.01	—	0.02
Gain on sale of long-lived assets	—	—	—	—	—
Share-based compensation expense	0.25	0.25	0.25	—	0.74
Net (gain) loss on debt securities and other investments	—	—	0.01	—	0.02
Income tax effects and adjustments [A]	(0.08)	(0.13)	(0.12)	—	(0.33)
Net (income) loss from discontinued operations	—	0.02	(0.68)	—	(0.64)
Non-GAAP diluted net income (loss) per share	$ 0.09	$0.25	$ 3.43	$—	$ 3.68
Shares used in GAAP diluted per share calculation	272	266	260	—	267
Shares used in non-GAAP diluted per share calculation	275	266	260	—	267

[A] As discussed in “About Non-GAAP Financial Measures - Income Tax Effects and Adjustments” following Table E, our long-term non-GAAP tax rate assumes the federal research and experimentation credit is continuously in effect and eliminates the effects of non-recurring and period specific items. Consequently, our non-GAAP results for the second quarter and first nine months of fiscal 2016 have been adjusted to exclude the $12 million discrete GAAP tax benefit that we recorded for the retroactive reinstatement of the research and experimentation credit. See note B to Table A for more information.

See “About Non-GAAP Financial Measures” immediately following Table E for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

TABLE B2

INTUIT INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

TO MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(In millions, except per share amounts)

(Unaudited)

	Fiscal 2015				
	Q1	Q2	Q3	Q4	Full Year
GAAP operating income (loss) from continuing operations	$ (109)	$ (89)	$1,066	$ (130)	$ 738
Amortization of acquired technology	7	7	8	8	30
Amortization of other acquired intangible assets	3	3	3	3	12
Professional fees for business combinations	—	1	1	—	2
Goodwill and intangible asset impairment charges	—	—	114	34	148
Gain on sale of long-lived assets	—	—	(30)	(1)	(31)
Share-based compensation expense	57	56	59	70	242
Non-GAAP operating income (loss) from continuing operations	$ (42)	$ (22)	$1,221	$ (16)	$1,141
GAAP net income (loss)	$ (84)	$ (66)	$ 501	$ 14	$ 365
Amortization of acquired technology	7	7	8	8	30
Amortization of other acquired intangible assets	3	3	3	3	12
Professional fees for business combinations	—	1	1	—	2
Goodwill and intangible asset impairment charges	—	—	114	34	148
Gain on sale of long-lived assets	—	—	(30)	(1)	(31)
Share-based compensation expense	57	56	59	70	242
Net (gain) loss on debt securities and other investments	1	—	3	2	6
Income tax effects and adjustments	(19)	(25)	(10)	(29)	(83)
Net (income) loss from discontinued operations	3	6	155	(116)	48
Non-GAAP net income (loss)	$ (32)	$ (18)	$ 804	$ (15)	$ 739
GAAP diluted net income (loss) per share	$(0.29)	$(0.23)	$ 1.78	$ 0.05	$ 1.28
Amortization of acquired technology	0.02	0.02	0.03	0.03	0.10
Amortization of other acquired intangible assets	0.01	0.01	0.01	0.01	0.04
Professional fees for business combinations	—	—	—	—	0.01
Goodwill and intangible asset impairment charges	—	—	0.40	0.12	0.52
Gain on sale of long-lived assets	—	—	(0.11)	—	(0.11)
Share-based compensation expense	0.20	0.20	0.21	0.25	0.85
Net (gain) loss on debt securities and other investments	—	—	0.01	0.01	0.02
Income tax effects and adjustments	(0.06)	(0.08)	(0.03)	(0.10)	(0.29)
Net (income) loss from discontinued operations	0.01	0.02	0.55	(0.42)	0.17
Non-GAAP diluted net income (loss) per share	$(0.11)	$(0.06)	$ 2.85	$(0.05)	$ 2.59
Shares used in GAAP diluted per share calculation	286	285	282	277	286

Shares used in non-GAAP diluted per share calculation	286	285	282	277	286

See “About Non-GAAP Financial Measures” immediately following Table E for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

TABLE C
INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	April 30, 2016	**July 31, 2015**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,289	$ 808
Investments	324	889
Accounts receivable, net	214	91
Income taxes receivable	4	84
Deferred income taxes	—	231
Prepaid expenses and other current assets	108	94
Current assets of discontinued operations	—	26
Current assets before funds held for customers	1,939	2,223
Funds held for customers	372	337
Total current assets	2,311	2,560
Long-term investments	28	27
Property and equipment, net	989	682
Goodwill	1,282	1,266
Acquired intangible assets, net	57	87
Long-term deferred income taxes	165	5
Other assets	108	106
Long-term assets of discontinued operations	—	235
Total assets	$ 4,940	$ 4,968
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Short-term debt	$ 500	$ —
Accounts payable	270	190

Accrued compensation and related liabilities	228	283
Deferred revenue	854	691
Income taxes payable	442	7
Other current liabilities	199	143
Current liabilities of discontinued operations	—	93
Current liabilities before customer fund deposits	2,493	1,407
Customer fund deposits	372	337
Total current liabilities	2,865	1,744
Long-term debt	500	500
Long-term deferred revenue	174	152
Other long-term obligations	153	172
Long-term obligations of discontinued operations	—	68
Total liabilities	3,692	2,636
Stockholders' equity	1,248	2,332
Total liabilities and stockholders' equity	$ 4,940	$ 4,968

NOTE: In the second quarter of fiscal 2016, we elected to early adopt ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" on a prospective basis. This new standard requires all deferred tax assets and liabilities, and any related valuation allowance, to be classified as noncurrent on the balance sheet. Prior periods were not adjusted.

TABLE D

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Nine Months Ended	
	April 30, 2016	**April 30, 2015**
Cash flows from operating activities:		
Net income	$1,019	$ 351
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	145	115

Amortization of acquired intangible assets	30	55
Goodwill impairment charge	—	263
Share-based compensation expense	200	184
Pre-tax gain on sale of discontinued operations	(354)	—
Deferred income taxes	40	(3)
Tax benefit from share-based compensation plans	30	51
Excess tax benefit from share-based compensation plans	(30)	(51)
Other	11	(3)
Total adjustments	72	611
Changes in operating assets and liabilities:		
Accounts receivable	(125)	(76)
Income taxes receivable	79	27
Prepaid expenses and other assets	(15)	18
Accounts payable	77	125
Accrued compensation and related liabilities	(69)	(29)
Deferred revenue	213	407
Income taxes payable	435	224
Other liabilities	25	64
Total changes in operating assets and liabilities	620	760
Net cash provided by operating activities	**1,711**	**1,722**
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(589)	(785)
Sales of available-for-sale debt securities	990	534
Maturities of available-for-sale debt securities	160	406
Net change in money market funds and other cash equivalents held to satisfy customer fund obligations	(35)	(41)
Net change in customer fund deposits	35	41
Purchases of property and equipment	(449)	(183)
Acquisitions of businesses, net of cash acquired	—	(95)
Proceeds from divestiture of businesses	463	—
Other	3	28
Net cash provided by (used in) investing activities	**578**	**(95)**
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facilities	995	—
Repayments on borrowings under revolving credit facilities	(995)	—
Proceeds from long-term debt	500	—
Net proceeds from issuance of stock under employee stock plans	89	129
Cash paid for purchases of treasury stock	(2,190)	(1,234)
Dividends and dividend rights paid	(238)	(212)
Excess tax benefit from share-based compensation plans	30	51
Other	**(5)**	**—**
Net cash used in financing activities	**(1,814)**	**(1,266)**
Effect of exchange rates on cash and cash equivalents	6	(17)

Net increase in cash and cash equivalents	**481**	**344**
Cash and cash equivalents at beginning of period	808	849
Cash and cash equivalents at end of period	**$1,289**	**$1,193**

TABLE E
INTUIT INC.
RECONCILIATION OF FORWARD-LOOKING GUIDANCE FOR NON-GAAP FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME (LOSS), AND EPS
(In millions, except per share amounts)
(Unaudited)

	Forward-Looking Guidance					
	GAAP Range of Estimate				Non-GAAP Range of Estimate	
	From	To	Adjmts		From	To
Three Months Ending July 31, 2016						
Revenue	$ 720	$ 740	$ —		$ 720	$ 740
Operating income (loss)	$ (100)	$ (80)	$ 85	[a]	$ (15)	$ 5
Diluted income (loss) per share	$ (0.28)	$ (0.26)	$ 0.26	[b]	$ (0.02)	$ —
Twelve Months Ending July 31, 2016						
Revenue	$ 4,660	$ 4,680	$ —		$ 4,660	$ 4,680
Operating income	$ 1,185	$ 1,205	$ 305	[c]	$ 1,490	$ 1,510
Diluted earnings per share	$ 3.53	$ 3.55	$ 0.10	[d]	$ 3.63	$ 3.65

See “About Non-GAAP Financial Measures” immediately following this Table E for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

[a] Reflects estimated adjustments for share-based compensation expense of approximately $80 million; amortization of acquired technology of approximately $4 million; and amortization of other acquired intangible assets of approximately $1 million.

[b] Reflects the estimated adjustments in item [a], income taxes related to these adjustments, and other income tax effects related to the use of the long-term non-GAAP tax rate.

[c] Reflects estimated adjustments for share-based compensation expense of approximately $277 million; amortization of acquired technology of approximately $21 million; and amortization of other acquired intangible assets of approximately $7 million.

[d] Reflects the estimated adjustments in item [c], income taxes related to these adjustments, other income tax effects related to the use of the long-term non-GAAP tax rate, and an adjustment to exclude the $173 million net gain on the sale of discontinued operations from non-GAAP results.

INTUIT INC.

ABOUT NON-GAAP FINANCIAL MEASURES

The accompanying press release dated May 24, 2016 contains non-GAAP financial measures. Table B1, Table B2 and Table E reconcile the non-GAAP financial measures in that press release to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with 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 exclude the following items from all of our non-GAAP financial measures:

- Share-based compensation expense
- Amortization of acquired technology
- Amortization of other acquired intangible assets
- Goodwill and intangible asset impairment charges
- Professional fees for business combinations

We also exclude the following items from non-GAAP net income (loss) and diluted net income (loss) per share:

- Gains and losses on debt and equity securities and other investments
- Income tax effects and adjustments
- Discontinued operations

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 expense, amortization, 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 following are descriptions of the items we exclude from our non-GAAP financial measures.

Share-based compensation expenses. These consist of non-cash expenses for stock options, restricted stock units and our Employee Stock Purchase Plan. When considering the impact of equity awards, we place greater emphasis on overall shareholder dilution rather than the accounting charges associated with those awards.

Amortization of acquired technology and amortization of other acquired intangible assets. When we acquire an entity, we are required by GAAP to record the fair values of the intangible assets of the entity and amortize them over their useful lives. Amortization of acquired technology in cost of revenue includes amortization of software and other technology assets of acquired entities. Amortization of other acquired intangible assets in operating expenses includes amortization of assets such as customer lists, covenants not to compete and trade names.

Goodwill and intangible asset impairment charges. We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying value of goodwill and other acquired intangible assets to their estimated fair values.

Professional fees for business combinations. We exclude from our non-GAAP financial measures the professional fees we incur to complete business combinations. These include investment banking, legal and accounting fees.

Gains and losses on debt and equity securities and other investments. We exclude from our non-GAAP financial measures gains and losses that we record when we sell or impair available-for-sale debt and equity securities and other investments.

Income tax effects and adjustments. We use a long-term non-GAAP tax rate for evaluating operating results and for planning, forecasting, and analyzing future periods. This long-term non-GAAP tax rate excludes the income tax effects of the non-GAAP pre-tax adjustments described above, assumes the federal research and experimentation credit is continuously in effect, and eliminates the effects of non-recurring and period specific items which can vary in size and frequency. Based on our current long-term projections, we are using a long-term non-GAAP tax rate of 34% which is consistent with the average of our normalized fiscal year tax rate over a four year period that includes the past three fiscal years plus the current fiscal year forecast. We will evaluate this long-term non-GAAP tax rate on an annual basis and whenever any significant events occur which may materially affect this long-term rate. This long-term non-GAAP tax rate could be subject to change for various reasons including significant changes in our geographic earnings mix or fundamental tax law changes in major jurisdictions in which we operate.

Operating results and gains and losses on the sale of discontinued operations. From time to time, we sell or otherwise dispose of selected operations as we adjust our portfolio of businesses to meet our strategic goals. In accordance with GAAP, we segregate the operating results of discontinued operations as well as gains and losses on the sale of these discontinued operations from continuing operations on our GAAP statements of operations but continue to include them in GAAP net income or loss and net income or loss per share. We exclude these amounts from our non-GAAP financial measures.

The reconciliations of the forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures in Table E include all information reasonably available to Intuit at the date of this press release. These tables include adjustments that we can reasonably predict. Events that could cause the reconciliation to change include acquisitions and divestitures of businesses, goodwill and other asset impairments, and sales of available-for-sale debt securities and other investments.

View source version on businesswire.com:
http://www.businesswire.com/news/home/20160524006539/en/

Investors
Intuit Inc.
Matt Rhodes, 650-944-2536
matthew_rhodes@intuit.com
or
Media
Intuit Inc.
Diane Carlini, 650-944-6251
diane_carlini@intuit.com

Source: Intuit Inc.