

Intuit Facts

Q1/FY14

Intuit Inc.

Investor Relations (650) 944-2536

NASDAQ: INTU

Financial Summary												Guidance ^[D]	
(\$ millions, except per share data)													
	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	FY13	Q1 FY14	Q2 FY14	FY14
Revenue:													
Small Business Group													
Small Business Financial Solutions	\$258	\$295	\$301	\$306	\$1,159	\$291	\$324	\$335	\$336	\$1,285	\$316		
% change YOY	13%	10%	11%	15%	12%	13%	10%	11%	10%	11%	9%		
Small Business Management Solutions	\$129	\$136	\$139	\$157	\$560	\$164	\$175	\$177	\$186	\$701	\$189		
% change YOY	14%	10%	13%	23%	15%	27%	29%	27%	19%	25%	15%		
Accounting and Advisor Group	\$13	\$18	\$14	\$14	\$59	\$14	\$20	\$17	\$19	\$71	\$15		
% change YOY	17%	12%	13%	19%	15%	10%	13%	21%	32%	19%	7%		
Total Small Business	\$400	\$448	\$454	\$477	\$1,779	\$469	\$518	\$529	\$541	\$2,058	\$520		\$2,270-\$2,310
% change YOY	13%	10%	12%	18%	13%	17%	16%	17%	13%	16%	11%		10%-12%
Consumer Group													
Consumer Tax	\$42	\$302	\$1,107	\$36	\$1,488	\$38	\$216	\$1,261	\$37	\$1,552	\$42		\$1,610-\$1,635
% change YOY	38%	42%	4%	11%	11%	(11%)	(28%)	14%	3%	4%	11%		4%-5%
Consumer Ecosystem	\$31	\$43	\$44	\$34	\$153	\$34	\$43	\$47	\$32	\$156	\$35		
% change YOY	(17%)	(15%)	0%	4%	(8%)	9%	(2%)	7%	(6%)	2%	2%		
Total Consumer	\$73	\$345	\$1,152	\$70	\$1,640	\$72	\$259	\$1,308	\$69	\$1,708	\$76		\$1,765-\$1,795
% change YOY	8%	31%	3%	8%	9%	(2%)	(25%)	14%	(1%)	4%	7%		3%-5%
ProTax Group	\$17	\$117	\$234	\$19	\$388	\$21	\$107	\$253	\$24	\$405	\$25		\$405-\$420
% change YOY	1%	8%	4%	1%	5%	24%	(9%)	8%	25%	5%	16%		0%-4%
Total Revenue	\$491	\$911	\$1,840	\$566	\$3,808	\$562	\$884	\$2,091	\$634	\$4,171	\$622	\$890-\$910	\$4,440-\$4,525
% change YOY	12%	17%	6%	16%	10%	15%	(3%)	14%	12%	10%	11%	1%-3%	6%-8%
GAAP Operating Income (Loss)	(\$80)	\$193	\$1,102	(\$47)	\$1,168	(\$73)	\$84	\$1,282	(\$60)	\$1,233	(\$77)	\$50-\$60	\$1,347-\$1,377
Non-GAAP Operating Income (Loss) ^[A]	(\$27)	\$238	\$1,143	\$13	\$1,367	(\$16)	\$140	\$1,337	\$9	\$1,470	(\$20)	\$110-\$120	\$1,580-\$1,610
Non-GAAP Operating Margin % ^[A]	NA	26%	62%	2%	35.9%	NA	16%	64%	1%	35.2%	NA		
Interest Expense	(\$15)	(\$15)	(\$12)	(\$8)	(\$50)	(\$8)	(\$7)	(\$8)	(\$7)	(\$30)	(\$8)		
Interest and Other Income	\$11	\$3	\$5	\$1	\$20	\$2	\$1	\$4	(\$0)	\$7	\$3		
GAAP Share Based Compensation Expense	\$38	\$40	\$35	\$46	\$159	\$46	\$44	\$43	\$51	\$184	\$47		
GAAP EPS Share Based Compensation Expense	(\$0.08)	(\$0.09)	(\$0.08)	(\$0.09)	(\$0.35)	(\$0.10)	(\$0.12)	(\$0.09)	(\$0.12)	(\$0.41)	(\$0.12)		
GAAP Diluted EPS	(\$0.21)	\$0.39	\$2.42	\$0.01	\$2.60	(\$0.06)	\$0.23	\$2.71	(\$0.05)	\$2.83	(\$0.04)	\$0.12-\$0.14	\$3.11-\$3.19
Non-GAAP Diluted EPS^{[A][B]}	(\$0.09)	\$0.49	\$2.49	\$0.01	\$2.89	(\$0.05)	\$0.30	\$2.94	\$0.00	\$3.20	(\$0.06)	\$0.25-\$0.27	\$3.52-\$3.60
GAAP Diluted EPS (YTD)	(\$0.21)	\$0.18	\$2.58	\$2.60	\$2.60	(\$0.06)	\$0.17	\$2.88	\$2.83	\$2.83	(\$0.04)		
Non-GAAP Diluted EPS (YTD) ^{[B][C]}	(\$0.09)	\$0.39	\$2.87	\$2.89	\$2.89	(\$0.05)	\$0.25	\$3.20	\$3.20	\$3.20	(\$0.06)		
Basic Share Count	300	297	295	294	296	296	296	297	298	297	288		280-285
Diluted Share Count	300	306	303	302	305	296	303	304	304	303	288		285-290
GAAP Tax Rate ^[C]	35%	34%	33%	41%	33%	33%	17%	33%	31%	32%	29%		35%
Capital Expenditures					\$186					\$195			\$145-\$165

Numbers may not agree with the sum of the components, nor with SEC filing(s), due to immaterial rounding adjustments.

^[A]These are non-GAAP financial measures. See tables B1, B2, E1 and E2 of the accompanying sections for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures and the reasons management uses each measure.

^[B]The annual effective tax rates used to calculate non-GAAP EPS were 34% for Q1 FY12, 34% for Q2 FY12, 33% for Q3 FY12, 33% for Q4 FY12, 35% for Q1 FY13, 33% for Q2 FY13, 33% for Q3 FY13, 33% for Q4 FY13, and 35% for Q1 FY14.

^[C]Our GAAP effective tax rate for the second quarter of fiscal year 2013 was affected by one-time tax benefits related to the retroactive reinstatement of the research and experimentation credit. Excluding those discrete benefits, our GAAP effective tax rate for that period was approximately 33%.

^[D]All of the numbers provided in the table entitled "Guidance," are forward-looking statements. Please see the accompanying section entitled "Cautions About Forward-Looking Statements" for important information to assess when evaluating these statements. Actual future results may differ materially due to a number of risks and uncertainties.

Small Business Financial Solutions - QuickBooks Software, Financial Supplies, Merchant Services; Small Business Management Solutions - Demandforce, QuickBooks Payroll, Intuit Online Payroll, Intuit Full Service Payroll; Accounting and Advisor Group - QuickBooks Software for Accountants, Practice Management/Virtual Office, ProAdvisor Program; Consumer Tax - TurboTax; Consumer Ecosystem - Quicken, Mint; ProTax - ProSeries, Lacerte, Intuit Tax Online

Intuit Facts

Worldwide Business Metrics^[E]											
Units in thousands, except where noted	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	FY13	Q1 FY14
<u>Small Business</u>											
Total Small Business Customers (millions) ^[F]	5.0	5.1	5.1	5.0	5.0	4.9	5.0	4.9	4.9	4.9	4.9
<u>Small Business Financial Solutions^[G]</u>											
QuickBooks Online Subscribers	309	336	363	380	380	399	430	459	487	487	516
Enterprise Solutions Subscribers	61	64	66	73	73	76	80	85	89	89	91
QuickBooks Desktop Subscribers	133	140	149	150	150	166	175	179	185	185	193
Total Subscriber Base (Net)	503	540	578	602	602	640	684	723	763	763	800
QuickBooks Desktop Units Sales ^[H]	216	372	420	319	1,327	202	307	422	315	1,246	194
Total QuickBooks Paying Customers	718	913	998	921	1,929	842	991	1,145	1,078	2,009	994
Merchant Account Services customers ^{[I], [J]}	331	336	359	364	364	385	382	403	410	410	422
Merchant Account Services Card Volume YOY % ^[J]	14%	13%	13%	12%	13%	11%	10%	7%	7%	9%	6%
<u>Small Business Management Solutions</u>											
Total Payroll Customers ^[K]	1,258	1,269	1,276	1,267	1,267	1,275	1,295	1,310	1,298	1,298	1,313
Online Payroll Subscribers	205	216	224	234	234	246	256	268	276	276	290
<u>Consumer Tax</u>											
Federal U.S. TurboTax Units (millions)											
Desktop units	NM	3.3	2.5	NM	5.9	NM	3.1	2.7	NM	5.8	NM
Web units	NM	4.6	13.0	0.5	18.1	NM	3.7	14.9	0.7	19.3	NM
Free File Alliance	NM	0.3	0.9	NM	1.2	NM	0.1	1.0	NM	1.1	NM
Total U.S. TurboTax Federal units	NM	8.3	16.4	0.5	25.2	NM	6.9	18.6	0.7	26.2	NM
Canada TurboTax Units (millions)	NM	0.3	1.3	0.1	1.7	NM	0.3	1.5	0.1	1.9	NM
<u>ProTax Customers</u>											
	NM	102	17	NM	119	NM	102	19	NM	121	NM

Numbers may not agree with the sum of the components, nor with SEC filing(s), due to immaterial rounding adjustments.

^[E]All applicable metrics include worldwide customers.

^[F]If Small Business Customers are using more than one offering, we count them only once. Methodology change: Total Small Business Customers now exclude inactive GoPayment Free customers.

^[G]Sales to end users (sell-through) by Intuit and via retailers and distributors for which Intuit relies on reports from these merchants. These numbers include estimates, including estimates of sales by merchants who do not report sales to Intuit.

^[H]Total QuickBooks Desktop Units are paid only, and include only QB Desktop.

^[I]Does not include customers from Electronic Clearing House.

^[J]Includes processing customers only.

^[K]Includes Standard Payroll, Enhanced Payroll, Assisted Payroll, Online Payroll, Basic Payroll, QuickPayroll, PayCycle, and Intuit Full Service Payroll.

Segment Revenue

(\$ millions)

FY'14			
Q1			
	Product	Svc[s]O	Total
QuickBooks Desktop, Enterprise, & Desktop Subscriptions	\$ 57	\$ 60	\$ 117
QuickBooks Online	\$ 0	\$ 36	\$ 36
Payments	\$ 0	\$ 116	\$ 116
Supplies & Other	\$ 44	\$ 4	\$ 48
Small Business Financial Solutions	\$ 101	\$ 215	\$ 316
Employee Management Solutions	\$ 77	\$ 75	\$ 152
Demandforce, QuickBase, & Other	\$ 0	\$ 37	\$ 37
Small Business Management Solutions	\$ 77	\$ 112	\$ 189
Accounting and Advisor Group	\$ 14	\$ 1	\$ 15
Total Small Business	\$ 192	\$ 329	\$ 520
Consumer Tax	\$ 7	\$ 35	\$ 42
Consumer Ecosystem	\$ 12	\$ 23	\$ 35
Consumer	\$ 19	\$ 58	\$ 76
ProTax	\$ 18	\$ 7	\$ 25
Total Segment Revenue	\$ 229	\$ 393	\$ 622

FY'13																			
Q1				Q2				Q3				Q4				FY'13			
	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	% CS Rev			
QuickBooks Desktop, Enterprise, & Desktop Subscriptions	\$ 61	\$ 51	\$ 112	\$ 77	\$ 54	\$ 131	\$ 92	\$ 56	\$ 148	\$ 80	\$ 59	\$ 139	\$ 310	\$ 221	\$ 531	42%			
QuickBooks Online	\$ 0	\$ 27	\$ 27	\$ 0	\$ 29	\$ 29	\$ 0	\$ 31	\$ 31	\$ 0	\$ 33	\$ 33	\$ 0	\$ 121	\$ 121	100%			
Payments	\$ 0	\$ 107	\$ 108	\$ 0	\$ 109	\$ 110	\$ 0	\$ 113	\$ 114	\$ 0	\$ 118	\$ 118	\$ 1	\$ 448	\$ 449	100%			
Supplies & Other	\$ 41	\$ 3	\$ 43	\$ 50	\$ 3	\$ 53	\$ 40	\$ 3	\$ 43	\$ 42	\$ 4	\$ 46	\$ 173	\$ 12	\$ 186	7%			
Small Business Financial Solutions	\$ 102	\$ 188	\$ 291	\$ 128	\$ 196	\$ 324	\$ 132	\$ 203	\$ 335	\$ 122	\$ 214	\$ 336	\$ 484	\$ 801	\$ 1,285	62%			
Employee Management Solutions	\$ 72	\$ 64	\$ 136	\$ 74	\$ 70	\$ 144	\$ 74	\$ 70	\$ 144	\$ 79	\$ 72	\$ 151	\$ 299	\$ 276	\$ 574	48%			
Demandforce, QuickBase, & Other	\$ 0	\$ 29	\$ 29	\$ 0	\$ 31	\$ 31	\$ 0	\$ 33	\$ 33	\$ 0	\$ 35	\$ 35	\$ 0	\$ 128	\$ 128	100%			
Small Business Management Solutions	\$ 71	\$ 93	\$ 164	\$ 73	\$ 101	\$ 175	\$ 74	\$ 103	\$ 177	\$ 79	\$ 107	\$ 186	\$ 298	\$ 404	\$ 701	58%			
Accounting and Advisor Group	\$ 13	\$ 1	\$ 15	\$ 19	\$ 1	\$ 20	\$ 16	\$ 1	\$ 17	\$ 18	\$ 0	\$ 18	\$ 67	\$ 3	\$ 70	5%			
Total Small Business	\$ 187	\$ 282	\$ 469	\$ 220	\$ 298	\$ 518	\$ 222	\$ 307	\$ 529	\$ 219	\$ 321	\$ 540	\$ 849	\$ 1,208	\$ 2,057	59%			
Consumer Tax	\$ 8	\$ 30	\$ 38	\$ 55	\$ 161	\$ 216	\$ 192	\$ 1,069	\$ 1,261	\$ (1)	\$ 39	\$ 37	\$ 255	\$ 1,298	\$ 1,552	84%			
Consumer Ecosystem	\$ 14	\$ 19	\$ 34	\$ 22	\$ 21	\$ 43	\$ 24	\$ 23	\$ 47	\$ 9	\$ 23	\$ 32	\$ 70	\$ 86	\$ 156	55%			
Consumer	\$ 23	\$ 49	\$ 72	\$ 78	\$ 182	\$ 259	\$ 216	\$ 1,092	\$ 1,308	\$ 8	\$ 61	\$ 69	\$ 324	\$ 1,384	\$ 1,708	81%			
ProTax	\$ 18	\$ 4	\$ 21	\$ 104	\$ 2	\$ 107	\$ 200	\$ 53	\$ 253	\$ 21	\$ 4	\$ 25	\$ 342	\$ 63	\$ 406	16%			
Total Segment Revenue	\$ 227	\$ 335	\$ 562	\$ 402	\$ 482	\$ 884	\$ 638	\$ 1,452	\$ 2,091	\$ 248	\$ 387	\$ 634	\$ 1,516	\$ 2,656	\$ 4,171	64%			

FY'12																			
Q1				Q2				Q3				Q4				FY'12			
	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	Product	Svc[s]O	Total	% CS Rev			
QuickBooks Desktop, Enterprise, & Desktop Subscriptions	\$ 65	\$ 44	\$ 109	\$ 84	\$ 46	\$ 130	\$ 89	\$ 49	\$ 138	\$ 77	\$ 50	\$ 127	\$ 315	\$ 189	\$ 504	38%			
QuickBooks Online	\$ 0	\$ 20	\$ 20	\$ 0	\$ 22	\$ 22	\$ 0	\$ 24	\$ 24	\$ 0	\$ 26	\$ 26	\$ 0	\$ 93	\$ 93	100%			
Payments	\$ 0	\$ 88	\$ 88	\$ 0	\$ 93	\$ 93	\$ 0	\$ 99	\$ 99	\$ 1	\$ 109	\$ 109	\$ 1	\$ 388	\$ 390	100%			
Supplies & Other	\$ 37	\$ 3	\$ 40	\$ 47	\$ 3	\$ 50	\$ 37	\$ 3	\$ 40	\$ 40	\$ 4	\$ 43	\$ 161	\$ 13	\$ 173	7%			
Small Business Financial Solutions	\$ 102	\$ 155	\$ 258	\$ 131	\$ 164	\$ 295	\$ 126	\$ 175	\$ 301	\$ 117	\$ 188	\$ 306	\$ 477	\$ 683	\$ 1,159	59%			
Employee Management Solutions	\$ 68	\$ 54	\$ 121	\$ 69	\$ 59	\$ 127	\$ 71	\$ 59	\$ 130	\$ 73	\$ 61	\$ 134	\$ 280	\$ 232	\$ 513	45%			
Demandforce, QuickBase, & Other	\$ 0	\$ 8	\$ 8	\$ 0	\$ 8	\$ 8	\$ 0	\$ 9	\$ 9	\$ 0	\$ 22	\$ 22	\$ 0	\$ 48	\$ 48	100%			
Small Business Management Solutions	\$ 67	\$ 62	\$ 129	\$ 69	\$ 67	\$ 136	\$ 70	\$ 68	\$ 139	\$ 73	\$ 83	\$ 157	\$ 280	\$ 281	\$ 560	50%			
Accounting and Advisor Group	\$ 12	\$ 1	\$ 13	\$ 17	\$ 1	\$ 18	\$ 13	\$ 1	\$ 14	\$ 13	\$ 1	\$ 14	\$ 55	\$ 5	\$ 59	8%			
Total Small Business	\$ 182	\$ 218	\$ 400	\$ 216	\$ 232	\$ 448	\$ 210	\$ 244	\$ 454	\$ 203	\$ 273	\$ 477	\$ 811	\$ 968	\$ 1,779	54%			
Consumer Tax	\$ 12	\$ 30	\$ 42	\$ 70	\$ 232	\$ 302	\$ 174	\$ 933	\$ 1,107	\$ 9	\$ 28	\$ 36	\$ 265	\$ 1,223	\$ 1,488	82%			
Consumer Ecosystem	\$ 15	\$ 16	\$ 31	\$ 21	\$ 23	\$ 43	\$ 23	\$ 21	\$ 44	\$ 10	\$ 24	\$ 34	\$ 69	\$ 84	\$ 153	55%			
Consumer	\$ 26	\$ 47	\$ 73	\$ 91	\$ 255	\$ 345	\$ 197	\$ 955	\$ 1,152	\$ 19	\$ 51	\$ 70	\$ 333	\$ 1,307	\$ 1,640	80%			
ProTax	\$ 14	\$ 3	\$ 17	\$ 112	\$ 5	\$ 117	\$ 191	\$ 43	\$ 234	\$ 17	\$ 2	\$ 19	\$ 334	\$ 54	\$ 388	14%			
Total Segment Revenue	\$ 222	\$ 269	\$ 491	\$ 419	\$ 492	\$ 911	\$ 598	\$ 1,242	\$ 1,840	\$ 240	\$ 327	\$ 566	\$ 1,479	\$ 2,329	\$ 3,808	61%			

Numbers may not agree with the sum of the components, nor with SEC filing(s), due to immaterial rounding adjustments.

^[0]Services revenue includes service and other revenue as reported in SEC filing(s).

Segment Operating Income

(\$ millions)

	FY'14	
	Q1	
	% Rev	
	<u>Op. Inc.</u>	<u>Related</u>
Total Small Business	\$ 190	37%
Consumer	\$ (24)	-32%
ProTax	\$ (9)	-35%
Total Segment Operating Income	\$ 157	25%

	FY'13									
	Q1		Q2		Q3		Q4		Year	
	% Rev		% Rev		% Rev		% Rev		% Rev	
	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>
Total Small Business	\$ 165	35%	\$ 190	37%	\$ 223	42%	\$ 222	41%	\$ 801	39%
Consumer	\$ (17)	-24%	\$ 38	15%	\$ 1,033	79%	\$ (19)	-27%	\$ 1,035	61%
ProTax	\$ (11)	-53%	\$ 65	61%	\$ 216	85%	\$ (11)	-43%	\$ 259	64%
Total Segment Operating Income	\$ 137	24%	\$ 294	33%	\$ 1,471	70%	\$ 192	30%	\$ 2,094	50%

	FY'12									
	Q1		Q2		Q3		Q4		Year	
	% Rev		% Rev		% Rev		% Rev		% Rev	
	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>	<u>Op. Inc.</u>	<u>Related</u>
Total Small Business	\$ 152	38%	\$ 173	39%	\$ 188	41%	\$ 199	42%	\$ 712	40%
Consumer	\$ (24)	-33%	\$ 131	38%	\$ 891	77%	\$ (32)	-46%	\$ 965	59%
ProTax	\$ (15)	-86%	\$ 76	65%	\$ 199	85%	\$ (13)	-65%	\$ 248	64%
Total Segment Operating Income	\$ 113	23%	\$ 380	42%	\$ 1,278	69%	\$ 154	27%	\$ 1,926	51%

Numbers may not agree with the sum of the components, nor with SEC filing(s), due to immaterial rounding adjustments.

TABLE A1
INTUIT INC.
GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended	
	October 31, 2013	October 31, 2012
Net revenue:		
Product	\$ 229	\$ 227
Service and other	393	335
Total net revenue	<u>622</u>	<u>562</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	29	32
Cost of service and other revenue	108	103
Amortization of acquired technology	6	4
Selling and marketing	258	227
Research and development	176	168
General and administrative	118	94
Amortization of other acquired intangible assets	4	7
Total costs and expenses [A]	<u>699</u>	<u>635</u>
Operating loss from continuing operations	<u>(77)</u>	<u>(73)</u>
Interest expense	(8)	(8)
Interest and other income, net	5	2
Loss before income taxes	<u>(80)</u>	<u>(79)</u>
Income tax benefit [B]	(23)	(25)
Net loss from continuing operations	<u>(57)</u>	<u>(54)</u>
Net income from discontinued operations [C]	46	35
Net loss	<u>\$ (11)</u>	<u>\$ (19)</u>
Basic net loss per share from continuing operations	\$ (0.20)	\$ (0.18)
Basic net income per share from discontinued operations	0.16	0.12
Basic net loss per share	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>
Shares used in basic per share calculations	<u>288</u>	<u>296</u>
Diluted net loss per share from continuing operations	\$ (0.20)	\$ (0.18)
Diluted net income per share from discontinued operations	0.16	0.12
Diluted net loss per share	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>
Shares used in diluted per share calculations	<u>288</u>	<u>296</u>
Dividends declared per common share	<u>\$ 0.19</u>	<u>\$ 0.17</u>

See accompanying Notes.

INTUIT INC.
NOTES TO TABLE A1

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

<i>(in millions)</i>	Three Months Ended	
	October 31, 2013	October 31, 2012
Cost of revenue	\$ 2	\$ 2
Selling and marketing	15	16
Research and development	14	13
General and administrative	16	15
Total share-based compensation expense	\$ 47	\$ 46

[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. Our effective tax rates for the first quarters of fiscal 2014 and fiscal 2013 were approximately 29% and 33%. Excluding the impact of discrete tax items primarily related to share-based compensation, our effective tax rates for those quarters were approximately 34% and 35% and did not differ significantly from the federal statutory rate of 35%.

[C] On August 1, 2013 we completed the sale of our Intuit Financial Services (IFS) business for approximately \$1.025 billion in cash. We recorded a gain on the disposal of IFS of approximately \$36 million, net of income taxes, in the first quarter of fiscal 2014.

On August 19, 2013 we completed the sale of our Intuit Health business for cash consideration that was not significant and recorded a loss on disposal that was offset by a related income tax benefit of approximately \$14 million, resulting in a net gain on disposal of approximately \$10 million in the first quarter of fiscal 2014.

On September 17, 2012 we sold our Intuit Websites business for approximately \$60 million in cash and recorded a gain on disposal of approximately \$32 million, net of income taxes.

We have reclassified our statements of operations for all periods presented to reflect these three businesses as discontinued operations. We have also segregated the net assets of IFS from continuing operations on our balance sheet at July 31, 2013. The net assets of Intuit Websites and Intuit Health were not significant, so we have not segregated them from continuing operations on our balance sheet at July 31, 2013. Because the cash flows of our Intuit Websites, IFS, and Intuit Health discontinued operations were not material for any period presented, we have not segregated the cash flows of those businesses from continuing operations on our statements of cash flows.

TABLE A2
INTUIT INC.
NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended	
	October 31, 2013	October 31, 2012
Net revenue:		
Product	\$ 229	\$ 227
Service and other	393	335
Total net revenue	<u>622</u>	<u>562</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	29	32
Cost of service and other revenue	106	101
Selling and marketing	243	211
Research and development	162	155
General and administrative	102	79
Total costs and expenses	<u>642</u>	<u>578</u>
Operating loss	<u>(20)</u>	<u>(16)</u>
Interest expense	(8)	(8)
Interest and other income, net	3	1
Loss before income taxes	<u>(25)</u>	<u>(23)</u>
Income tax benefit	(9)	(8)
Net loss	<u>\$ (16)</u>	<u>\$ (15)</u>
Basic net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.05)</u>
Shares used in basic per share calculations	<u>288</u>	<u>296</u>
Diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.05)</u>
Shares used in diluted per share calculations	<u>288</u>	<u>296</u>

See "About Non-GAAP Financial Measures" immediately following Table E2 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 B1
INTUIT INC.
RECONCILIATION OF NON-GAAP STATEMENTS OF OPERATIONS DATA
TO GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended October 31, 2013			Three Months Ended October 31, 2012		
	GAAP	Adjmts	Non-GAAP	GAAP	Adjmts	Non-GAAP
Net revenue:						
Product	\$ 229	\$ —	\$ 229	\$ 227	\$ —	\$ 227
Service and other	393	—	393	335	—	335
Total net revenue	<u>622</u>	<u>—</u>	<u>622</u>	<u>562</u>	<u>—</u>	<u>562</u>
Costs and expenses:						
Cost of revenue:						
Cost of product revenue	29	—	29	32	—	32
Cost of service and other revenue	108	(2) [a]	106	103	(2) [a]	101
Amortization of acquired technology	6	(6) [b]	—	4	(4) [b]	—
Selling and marketing	258	(15) [a]	243	227	(16) [a]	211
Research and development	176	(14) [a]	162	168	(13) [a]	155
General and administrative	118	(16) [a]	102	94	(15) [a]	79
Amortization of other acquired intangible assets	4	(4) [b]	—	7	(7) [b]	—
Total costs and expenses	<u>699</u>	<u>(57)</u>	<u>642</u>	<u>635</u>	<u>(57)</u>	<u>578</u>
Operating loss from continuing operations	(77)	57	(20)	(73)	57	(16)
Interest expense	(8)	—	(8)	(8)	—	(8)
Interest and other income, net	5	(2) [c]	3	2	(1) [c]	1
Loss before income taxes	(80)	55	(25)	(79)	56	(23)
Income tax benefit	(23)	14 [d]	(9)	(25)	17 [d]	(8)
Net loss from continuing operations	<u>(57)</u>	<u>41</u>	<u>(16)</u>	<u>(54)</u>	<u>39</u>	<u>(15)</u>
Net income from discontinued operations	46	(46) [e]	—	35	(35) [e]	—
Net loss	<u>\$ (11)</u>	<u>\$ (5)</u>	<u>\$ (16)</u>	<u>\$ (19)</u>	<u>\$ 4</u>	<u>\$ (15)</u>
Basic net loss per share from continuing operations	\$ (0.20)		\$ (0.06)	\$ (0.18)		\$ (0.05)
Basic net income per share from discontinued operations	0.16		—	0.12		—
Basic net loss per share	<u>\$ (0.04)</u>		<u>\$ (0.06)</u>	<u>\$ (0.06)</u>		<u>\$ (0.05)</u>
Shares used in basic per share calculations	<u>288</u>		<u>288</u>	<u>296</u>		<u>296</u>
Diluted net loss per share from continuing operations	\$ (0.20)		\$ (0.06)	\$ (0.18)		\$ (0.05)
Diluted net income per share from discontinued operations	0.16		—	0.12		—
Diluted net loss per share	<u>\$ (0.04)</u>		<u>\$ (0.06)</u>	<u>\$ (0.06)</u>		<u>\$ (0.05)</u>
Shares used in diluted per share calculations	<u>288</u>		<u>288</u>	<u>296</u>		<u>296</u>

See “About Non-GAAP Financial Measures” immediately following Table E2 for more information on these non-GAAP adjustments.

- [a] Adjustments to exclude share-based compensation expense from non-GAAP financial measures. See footnote A to Table A1.
[b] Adjustments to exclude amortization of acquired technology and amortization of other acquired intangible assets from non-GAAP financial measures.
[c] Adjustments to exclude net gains on debt securities and other investments from non-GAAP financial measures.
[d] Adjustments to reflect the tax effects of items [a] through [c].
[e] Adjustments to exclude net income from discontinued operations from non-GAAP financial measures.

TABLE E1
INTUIT INC.
RECONCILIATION OF FORWARD-LOOKING GUIDANCE FOR NON-GAAP FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME, AND EPS
(In millions, except per share amounts)
(Unaudited)

	Forward-Looking Guidance				
	GAAP Range of Estimate		Adjmts	Non-GAAP Range of Estimate	
	From	To		From	To
Three Months Ending January 31, 2014					
Revenue	\$ 890	\$ 910	\$ —		\$ 890 \$ 910
Operating income	\$ 50	\$ 60	\$ 60	[a]	\$ 110 \$ 120
Diluted earnings per share	\$ 0.12	\$ 0.14	\$ 0.13	[b]	\$ 0.25 \$ 0.27
Three Months Ending April 30, 2014					
Revenue	\$ 2,245	\$ 2,290	\$ —		\$ 2,245 \$ 2,290
Diluted earnings per share	\$ 3.12	\$ 3.17	\$ 0.13	[c]	\$ 3.25 \$ 3.30
Three Months Ending July 31, 2014					
Revenue	\$ 710	\$ 720	\$ —		\$ 710 \$ 720
Diluted earnings (loss) per share	\$ (0.04)	\$ (0.02)	\$ 0.15	[d]	\$ 0.11 \$ 0.13
Twelve Months Ending July 31, 2014					
Revenue	\$ 4,440	\$ 4,525	\$ —		\$ 4,440 \$ 4,525
Operating income	\$ 1,347	\$ 1,377	\$ 233	[e]	\$ 1,580 \$ 1,610
Diluted earnings per share	\$ 3.11	\$ 3.19	\$ 0.41	[f]	\$ 3.52 \$ 3.60

See “About Non-GAAP Financial Measures” immediately following Table E2 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 \$49 million, amortization of acquired technology of approximately \$7 million, and amortization of other acquired intangible assets of approximately \$4 million.
- [b] Reflects the estimated adjustments in item [a] and income taxes related to these adjustments.
- [c] Reflects estimated adjustments for share-based compensation expense of approximately \$46 million, amortization of acquired technology of approximately \$6 million, amortization of other acquired intangible assets of approximately \$3 million, and income taxes related to these adjustments.
- [d] Reflects estimated adjustments for share-based compensation expense of approximately \$52 million, amortization of acquired technology of approximately \$6 million, amortization of other acquired intangible assets of approximately \$3 million, and income taxes related to these adjustments.
- [e] Reflects estimated adjustments for share-based compensation expense of approximately \$194 million; amortization of acquired technology of approximately \$25 million; and amortization of other acquired intangible assets of approximately \$14 million.
- [f] Reflects the estimated adjustments in item [e], income taxes related to these adjustments, and the net gain on discontinued operations of \$46 million.

TABLE E2
INTUIT INC.
RECONCILIATION OF HISTORICAL NON-GAAP FINANCIAL MEASURES TO MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES
(In millions, except per share amounts)
(Unaudited)

	Fiscal 2013					Fiscal 2014				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
GAAP operating income (loss)	\$ (73)	\$ 84	\$1,282	\$ (60)	\$1,233	\$ (77)				\$ (77)
Amortization of acquired technology	4	5	5	4	18	6				6
Amortization of other acquired intangible assets	7	7	7	14	35	4				4
Share-based compensation expense	46	44	43	51	184	47				47
Non-GAAP operating income (loss)	<u>\$ (16)</u>	<u>\$ 140</u>	<u>\$1,337</u>	<u>\$ 9</u>	<u>\$1,470</u>	<u>\$ (20)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (20)</u>
GAAP net income (loss)	\$ (19)	\$ 71	\$ 822	\$ (16)	\$ 858	\$ (11)				\$ (11)
Amortization of acquired technology	4	5	5	4	18	6				6
Amortization of other acquired intangible assets	7	7	7	14	35	4				4
Share-based compensation expense	46	44	43	51	184	47				47
Net gains on debt securities and other investments	(1)	2	—	—	1	(2)				(2)
Income tax effect of non-GAAP adjustments	(17)	(32)	(20)	(22)	(91)	(14)				(14)
Discontinued operations	(35)	(6)	36	(30)	(35)	(46)				(46)
Non-GAAP net income (loss)	<u>\$ (15)</u>	<u>\$ 91</u>	<u>\$ 893</u>	<u>\$ 1</u>	<u>\$ 970</u>	<u>\$ (16)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (16)</u>
GAAP diluted net income (loss) per share	<u>\$(0.06)</u>	<u>\$ 0.23</u>	<u>\$ 2.71</u>	<u>\$(0.05)</u>	<u>\$ 2.83</u>	<u>\$(0.04)</u>				<u>\$(0.04)</u>
Non-GAAP diluted net income (loss) per share	<u>\$(0.05)</u>	<u>\$ 0.30</u>	<u>\$ 2.94</u>	<u>\$ —</u>	<u>\$ 3.20</u>	<u>\$(0.06)</u>				<u>\$(0.06)</u>
Shares used in diluted per share calculation	<u>296</u>	<u>303</u>	<u>304</u>	<u>304</u>	<u>303</u>	<u>288</u>				<u>288</u>
Non-GAAP tax rate	<u>34.5%</u>	<u>32.8%</u>	<u>33.0%</u>	<u>33.0%</u>	<u>33.0%</u>	<u>34.5%</u>				<u>34.5%</u>

See “About Non-GAAP Financial Measures” immediately following this Table E2 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.

INTUIT INC.
ABOUT NON-GAAP FINANCIAL MEASURES

The accompanying financial information dated November 21, 2013 contains non-GAAP financial measures. Table B1, Table E1 and Table E2 reconcile the non-GAAP financial measures in that financial information 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 securities and other investments
- Income tax effects of excluded items and discrete tax items
- 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 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 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 values 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 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 securities and other investments.

Income tax effects of excluded items and certain discrete tax items. We exclude from our non-GAAP financial measures the income tax effects of the items described above, as well as income tax effects related to business combinations. In addition, the effects of one-time income tax adjustments recorded in a specific quarter for GAAP purposes are reflected on a forecasted basis in our non-GAAP financial measures. This is consistent with how we plan, forecast and evaluate our operating results.

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 E1 include all information reasonably available to Intuit at the date of this financial information. 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.

INTUIT INC.
CAUTIONS ABOUT FORWARD-LOOKING STATEMENTS

This financial information contains forward-looking statements, including forecasts of Intuit's future expected financial results. 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 2013 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 November 21, 2013, and we do not undertake any duty to update any forward-looking statement or other information in these materials.