

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JULY 31, 2000 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 0-21180
INTUIT INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>

<S>	DELAWARE	<C>	77-0034661
	(STATE OF INCORPORATION)		(IRS EMPLOYER IDENTIFICATION NO.)

</TABLE>

2535 GARCIA AVENUE, MOUNTAIN VIEW, CA 94043
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(650) 944-6000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

<TABLE>

<S>		<C>	
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:		None	
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:		Common Stock, \$0.01 par value	
		Preferred Stock Purchase Rights	

</TABLE>

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

As of September 29, 2000, there were 206,281,121 shares of the Registrant's common stock, \$0.01 par value, outstanding. This is the only outstanding class of common stock of the Registrant. As of that date, the aggregate market value of the shares of common stock held by non-affiliates of the Registrant (based on the closing price of \$57.00 for the common stock as quoted by the Nasdaq National Market on such date), was approximately \$10,600,035,666.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in December 2000 are incorporated by reference into Part III of this report on Form 10-K.

FISCAL 2000 FORM 10-K

INTUIT INC.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Throughout this Form 10-K, you will find "forward-looking" statements, or statements about events or circumstances that have not yet occurred. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," and other similar terms. These forward-looking statements may include, among other things, projections of our future financial performance, our anticipated growth and anticipated trends in our businesses. These statements are only predictions, based on our current expectations about future events. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements or that predictions or current expectations will be accurate. These forward-looking statements involve risks and uncertainties, and our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements. The important factors that could cause our results to differ are discussed under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risks That Could Affect Future Results," beginning on page 32. We encourage you to read that section carefully. We will not necessarily update information in this Form 10-K if any forward-looking statement later turns out to be inaccurate.

PART I

ITEM 1. BUSINESS

CORPORATE BACKGROUND

Intuit began operations in March 1983 and was incorporated in California in March 1984. In March 1993, we reincorporated in Delaware and completed our initial public offering. Our principal executive offices are located at 2535 Garcia Avenue, Mountain View, California, 94043, and our telephone number is (650) 944-6000. When we refer to "we" or "Intuit" in this Form 10-K, we mean the current Delaware corporation (Intuit Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

BUSINESS OVERVIEW

INTUIT'S MISSION: REVOLUTIONIZING FINANCIAL AND BUSINESS MANAGEMENT

Intuit's mission is to revolutionize how people manage their financial lives and small businesses manage their businesses. We strive to offer innovative products and services that drive fundamental changes in how individuals and small businesses manage their activities -- changes so profound that our customers can't imagine going back to the "old way" of doing things.

We offer a variety of small business, tax preparation and personal finance software products and related products and services that enable people and small businesses to revolutionize how they manage their activities. Our products and services include QuickBooks(R), Quicken(R), Quicken TurboTax(R), ProSeries(R) and Lacerte(R) desktop software products, as well as an expanding array of Internet-based products and services, including QuickBooks Deluxe Payroll

service, QuickBooks Internet Gateway services, our Site Builder website tool, Quicken TurboTax for the Web, Quicken.com(SM), Quicken Loans(SM) and QuickenInsurance(SM). Details about our products and services are provided beginning on page 5.

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BUSINESS STRATEGY AND KEY INITIATIVES

We accomplish our mission by identifying common but complex customer problems, and developing simple, easy-to-use solutions that can be marketed to large numbers of customers. Here are two key principles we follow as we drive to be the best we can be:

- CONTINUE TO CHANGE OUR MINDSET IN ORDER TO INNOVATE AND GROW.

Achieving our objectives requires us to continually evaluate and change the way we think about our businesses, in order to keep pace with our customers' evolving needs and changes in the markets we serve. For example, we are redefining the markets in which we participate in order to drive growth. We are broadening our focus from single point products, such as our QuickBooks desktop accounting software, to more comprehensive customer solutions -- small business management tools that include QuickBooks complemented by financial supplies, Site Builder, online payroll services and the QuickBooks Internet Gateway. Other examples of our changing mindset are our shift from exclusively desktop solutions to products and services for both desktop and Web platforms; and the expansion of our strategic relationships with third parties that allow us to provide a broader set of solutions to our customers.

- ACHIEVE SUSTAINABLE COMPETITIVE ADVANTAGE IN EACH OF OUR BUSINESSES.

We believe that achieving sustainable competitive advantage is the key to reaching our long-term growth and profitability goals. Accordingly, in each of our businesses we seek to identify and exploit important advantages that differentiate us from our competitors and that are built into the structure of the business. Examples of sustainable competitive advantage include quickly achieving industry-leading volume in businesses with high fixed costs and low marginal costs, and pursuing businesses with a strong "network effect," where more value is created for all customers as more customers adopt our solution.

Following are four key initiatives that are fundamental to all of our business activities:

1. SOLVE CUSTOMER PROBLEMS THROUGH INNOVATIVE SOLUTIONS.

We strive to solve complex customer problems with innovative and easy-to-use solutions. For example, establishing a web presence has been a complicated and expensive challenge for many small businesses. Our Site Builder website creation tool gives small businesses a fast, easy and affordable way to build and manage a professional-looking website. As another example, preparing tax returns is a complex, paper-intensive process involving extensive manual data entry. Through our innovative "10 Minute Tax Return" vision, we are striving to create a seamless, end-to-end electronic solution by enabling electronic downloads of relevant tax data -- such as W-2 information from employers and 1099 information from financial institutions.

2. DRIVE GREAT CUSTOMER EXPERIENCE THROUGH OPERATIONAL RIGOR.

Our goal is to deliver the best possible customer service and experience in the most cost-effective and efficient manner. By taking advantage our operational infrastructure and processes, we strive to consistently deliver this result to our customers. Our organization consists of business divisions that have responsibility for the total customer experience, from product development through marketing and sales, and ongoing customer service and support. For the functional organizations that support our business divisions (such as manufacturing and data center operations), we strive to achieve organization-wide learning in order to share experience and knowledge across all our business divisions. We recognize the need to be both a "small" company and a "big" company, to foster a fast, innovative, entrepreneurial culture, while effectively taking advantage of the opportunities offered by our size and scale.

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3. USE TECHNOLOGY TO SHAPE STRATEGY AND DELIVER MORE VALUE TO CUSTOMERS, EMPLOYEES AND SHAREHOLDERS.

We believe our use of technology is a competitive advantage. We use technology to create better and more innovative products and services, to expand and improve our delivery channels, to improve our customer interactions, and to enhance our operational effectiveness.

4. PROVIDE A GREAT PLACE TO WORK THAT ATTRACTS GREAT PEOPLE.

Our employees are the key to our success. We strive to maintain a productive and performance oriented work environment that supports employee growth and development, recognizes and rewards contributions, and reinforces positive individual and team dynamics.

PRODUCTS AND SERVICES

Intuit offers products and services through four principal business divisions: Small Business, Tax, Consumer Finance and International.

SMALL BUSINESS DIVISION

QuickBooks and QuickBooks Pro(R) Software. Our QuickBooks product line brings extensive bookkeeping capabilities to small business users in an easy-to-use design that does not require customers to be familiar with debit/credit accounting. QuickBooks Pro products address the needs of U.S. small businesses that are project, job or time based, that require a multi-user product or that desire more extensive features. In January 2000, we launched QuickBooks 2000, which features the QuickBooks Internet Gateway platform of online small businesses services, as well as the Site Builder website creation tool.

Internet-Based Small Business Services. The QuickBooks Internet Gateway platform gives our QuickBooks 2000 customers direct access to a broad range of online "e-service" offerings from third-party vendors that address the specific needs of small businesses. We currently offer over a dozen Gateway services, including the QuickBooks Merchant Account Service, which enables small businesses to accept credit card payments from their customers; the QuickBooks Postage Service, which allows customers to purchase postage electronically; and the QuickBooks Shopping Source, which enables customers to find, compare and purchase office supplies and other small business products and services from within QuickBooks 2000. Gateway vendors pay us a placement fee and/or a portion of their Gateway-generated revenues to participate.

QuickBooks 2000 also features the Site Builder website creation tool, a subscription service that enables small businesses to set up and maintain professional-looking web sites quickly and inexpensively. Site Builder is also available on a stand-alone basis for customers who do not use QuickBooks. We plan to use Site Builder as the platform for Site Solutions, an expanded range of e-services that Intuit expects to begin offering during fiscal 2001.

Our Internet-based small business services are strategically important to Intuit as a way to expand our customer base and generate more revenue and profit per customer. However, there are business risks associated with these services, including whether customers will accept the new and proposed services, and whether the third party vendors that participate in the services will be satisfied with the benefits they receive from the services. See "Risks That Could Affect Future Results."

Payroll Services. We offer several payroll services for small businesses. Our Basic Payroll Service is a payroll tax table subscription service for small business customers that need current tax tables to prepare their own payrolls. Our QuickBooks Deluxe Payroll Service is an online payroll services that handles all aspects of payroll processing, including tax payments. It is fully integrated with QuickBooks, so customer data entry is minimized. Our Premier Payroll Service provides traditional, full service payroll processing, tax payment and check delivery services on a "private label" basis to customers of participating financial institutions. While the payroll processing business provides us with a significant opportunity to generate recurring revenue, there are business risks associated with it,

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including increased operating expenses, the potential loss of customers and liability exposure if we make payroll processing errors. See "Risks That Could Affect Future Results."

QuickBooks Support Network ("QBSN"). QBSN(SM) is our subscription-based technical support program for QuickBooks users. The program reflects our belief that high-quality customer support tailored to the specific requirements of small businesses has the potential to be a profitable and strategically important business, and can also help us control technical support costs. Although QBSN has become a growing source of incremental recurring revenue for us, we face ongoing challenges in improving customer satisfaction and subscription renewal levels.

Financial Supplies. We offer a range of financial supplies designed for use with our small business and consumer finance desktop software products. Supplies include paper checks, envelopes, invoices, business forms, deposit slips and rubber stamps. Many products can incorporate small business' custom company logos and offer a variety of color, font and design options.

Since September 1995, we have had an exclusive contract with John H. Harland Company to print all of our checks and other imprinted products. We renegotiated the contract in January 2000 and extended it for an additional five years. The products provided by Harland accounted for about 75% of our supplies revenue in fiscal 1999 and 2000. We believe our relationship with Harland is strong, and the renegotiated terms of the contract are favorable to Intuit. However, if there are any problems with Harland's performance, it could have a material negative impact on sales of supplies and on Intuit as a whole.

TAX DIVISION

Desktop Consumer Tax Software. Our Quicken TurboTax desktop products are designed to make it easy and fast for individuals and small business owners to prepare their own federal and state personal and business income tax returns. Our tax products are designed to be easy to use, but sophisticated enough for complicated tax returns.

Web-Based Consumer Tax Preparation and Electronic Filing Services. Quicken TurboTax for the Web is an interactive tax preparation service that allows individual taxpayers to prepare their federal and state income tax returns entirely online. This service is enabling us to reach a different segment of consumer tax customers than those who use our desktop products, as more than 80% of Quicken TurboTax for the Web tax filers in fiscal 2000 were new customers for Intuit. Customers of our desktop and web-based tax preparation software can file their federal (and most state) tax returns electronically through our electronic filing center. Demand for online tax preparation and electronic filing has increased dramatically during the past two tax seasons. While our service reliability and responsiveness were very good during fiscal 2000, we must continue to expand our capacity and scale the infrastructure to accommodate significant future growth in customer demand, while maintaining high service levels.

During the 1998 tax year, we initiated the Quicken Tax Freedom Project, a philanthropic public service initiative designed to address the "Digital Divide," under which we provide online tax preparation and electronic filing services at no charge to federal and state tax filers with adjusted gross incomes of \$20,000 or less. We expanded the scope of this program during the 1999 tax year to include anyone who filed a Form 1040EZ, regardless of income level.

Professional Tax Software. Our ProSeries and Lacerte tax products are designed for tax professionals who prepare tax returns for their individual and business clients. Our ProSeries products emphasize ease-of-use and feature data entry on government form facsimiles. Lacerte products emphasize efficiency and feature customer-tailored data sheet entry. Customers can elect to license professional tax products for a single fee for unlimited annual use or to use them on a "pay-per-return" basis. ProSeries and Lacerte customers can file their returns through our electronic filing services.

In an effort to broaden our relationship with the accountants that use our professional tax software, in October 2000, we announced IntuitAdvisor(SM), a website channel designed for professional accountants. This subscription-

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based website, which is expected to launch in December 2000, will offer services to enable professional tax preparers to better manage and grow their businesses. For example, the service will be able to help professional tax preparers set up internal "Intranet" sites to enable them to share information and data with their clients.

CONSUMER FINANCE DIVISION

Quicken Software. Our Quicken line of desktop software products help users organize, understand and manage their personal finances. Quicken allows customers to reconcile bank accounts, record credit card and other transactions, and track investments, mortgages and other assets and liabilities. Many customers use Quicken products to manage their home-based businesses. We also give Quicken customers easy access to a range of financially-oriented third party products and services, from within the Quicken desktop product, through our Quicken Internet Gateway service.

Quicken.com. Quicken.com is our primary personal finance website and is freely accessible to the public. It enables customers to automate financial management tasks and make better financial decisions by giving them software tools, resources and objective information about a variety of personal finance topics, including investing, mortgage, insurance, taxes, banking and retirement, in a single online destination. Quicken.com content is created by Intuit as well as by third party publishers and financial experts. We do not currently charge customers a fee to access most features on Quicken.com, but we receive revenue from financial institutions and other companies that advertise and/or sell their products or services through links from Quicken.com.

Quicken Loans. Quicken Loans combines our former QuickenMortgage(SM) business with the online and traditional lending business of Rock Financial

Corporation. We acquired Rock in December 1999 in a "pooling of interests" transaction, which means that in our financial statements, Rock's results from prior years are combined with Intuit's results from prior years. See Note 3 of the financial statements. Through Quicken Loans, consumers can shop and apply for residential mortgages through the Quicken Loans website or by telephone (which we consider our "online" business), or through traditional branch offices (for Michigan residents only). We offer a variety of loans, including fixed rate and adjustable conventional home purchase loans, FHA loans, refinance and home equity loans, and sub-prime loans.

With the establishment of Quicken Loans, we shifted our mortgage business from a "referral" model, under which Intuit relayed customers' application information to participating lenders for processing and funding, to a "direct" model, under which Intuit manages the entire loan process from origination through funding, and then sells the loans and post-closing servicing obligations in bulk to participating financial institutions. The direct model allows us to offer our consumers a more seamless experience, and also enables us to increase our revenue per loan. During fiscal 2000, we continued a transition process, which Rock began in January 1999, of shifting resources from branch offices to focus on the website and call center -- a process which included consolidating some of the branch office operations and closing approximately 25 branch offices. As a result, the percentage of our mortgage revenue generated and processed online and/or through the call center increased from 18% in fiscal 1999 to 37% in fiscal 2000, although our total mortgage revenue declined significantly. Over the next several years, we expect the percentage of our mortgage revenue generated online will continue to increase, with more rapid growth in online revenues relative to growth in branch-based revenue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Net Revenue by Business Divisions -- Consumer Finance Division."

Our mortgage business is subject to a number of risks, including risks associated with our Internet-based businesses generally, and fluctuations in mortgage rates and other interest rates. See "Risks That Could Affect Future Results."

QuickenInsurance. Our QuickenInsurance website enables customers to educate themselves about, and shop for, insurance products online. We receive initial implementation fees, ongoing annual participation fees and transaction-based fees (for referrals and purchases) from participating carriers, and some carriers also pay us fees for

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data processing and other administrative services. Users can currently receive quotes and apply for term life insurance from 12 national carriers in 50 states and Washington, D.C. Auto insurance quotes are currently available in 38 states (covering about 95% of the U.S. population), and online purchase for auto insurance is available from two carriers in 34 states (about 80% of the population). Consumers can also purchase from eight auto insurance carriers in 17 states (covering about 60% of the U.S. population) through the carriers' call centers. Progress for our auto insurance business has been slow. Future success will require us to offer a greater choice of quoting carriers in each state, and to provide online purchase or call center fulfillment capability in more states. While we have plans in place to increase carriers and purchasing options, we expect to face continuing challenges in implementing these plans.

Bill Management Services and other Online Transactions. Our online transactions business includes a range of services, including web-based bill presentment and payment services, desktop bill payment services, online banking services, and the Quicken credit card. In August 2000 we acquired Venture Finance Software Corp., a joint venture company in which we were a 49% non-voting equity holder. VFSC developed the technology for our web-based bill presentment and payment services. See Note 20 of the financial statements. We believe there is significant opportunity for revenue growth in bill management services. However, the timing of widespread consumer and biller adoption of bill management services may still be years away.

INTERNATIONAL DIVISION

Through our International Division, Intuit has a direct presence in Japan, Canada and the UK. We reach markets across Europe, Southeast Asia and other selected locations through relationships with third parties. During the past few years, we have narrowed our strategic focus to fewer products (primarily small business products) in fewer international markets. We have also established important third-party relationships with local companies in selected locations to help us better address specific markets -- including a comprehensive third party development, marketing and distribution arrangement with Lexware (a subsidiary of Rudolf Haufe Publishing), a leading business software company in Germany, that we entered into in June 1999, and a multi-year comprehensive third party development, marketing and distribution arrangement with Reckon, a leading business software company in Australia. Our international operations are subject to a unique set of risks and challenges, including potential volatility in the political and economic conditions of foreign countries and the need to address unique user requirements in various countries. See "Risks That Could Affect Future Results."

Japan. The principal products offered by Intuit KK, our Japanese subsidiary, are Yayoi(R), a small business accounting product that addresses the middle segment of the small business market in Japan, as well as a localized version of QuickBooks that is targeted at the lower end of the small business market. Sales of Yayoi products also generate recurring revenue from ongoing support contracts that are sold with the software.

Canada. We offer localized versions of QuickBooks and Quicken in Canada, as well as QuickTax consumer and professional tax products. We also have a relationship with Rogers Media, Inc., a leading media company in Canada, under which we offer Quicken.ca(SM), a personal finance website with content similar to Quicken.com.

Europe. We offer localized versions of QuickBooks and Quicken through our office in the United Kingdom. We serve selected European markets with localized versions of QuickBooks and Quicken through our relationship with Lexware in Germany and through other local distributors and agents. Lexware develops and markets products and services for Intuit in Germany under the Intuit brand. We believe that Lexware's local expertise will enable us to deliver products and services that are more customized for the German market.

Southeast Asia. We offer localized versions of QuickBooks and Quicken products in Australia, New Zealand, Hong Kong, and Singapore, as well as other parts of Southeast Asia through our relationship with Reckon. This relationship includes rights relating to Quicken.com in these territories.

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PRODUCT DEVELOPMENT

During the past few years, we have devoted significant resources to developing and expanding new products and services, including QuickBooks Internet Gateway, Site Builder, QuickBooks Deluxe Payroll Service, electronic tax filing for states, and our Quicken.com, Quicken Loans and QuickenInsurance websites, as well as enhancing our desktop software products. Our total research and development expenses as a percentage of net revenue were approximately 15% during each of the last three fiscal years.

The expansion of our Internet-based products and services has had a significant impact on our development process. Our desktop software products tend to have a fairly predictable, structured development cycle of about 12 - 18 months. Once new products are released, they generally are not modified (except to fix bugs) until the next scheduled product upgrade. However, the development process for Internet-based products is much more rapid, much less predictable, and has much shorter development cycles. In addition, Internet-based products and services must incorporate technology to address customer concerns about privacy and security.

Over the next few years, we expect that our research and development efforts will continue to focus on moving the functionality of our desktop products to the Internet, and adding complementary products and services that can drive additional, and often recurring revenue, from our core products. Examples of incremental revenue sources include financial supplies and payroll services for our QuickBooks customers, electronic filing and state tax products for our Quicken TurboTax customers, and mortgage, insurance and bill payment services for our Quicken customers. While much of our product development is done internally, we supplement our internal development efforts by acquiring strategically important products and technology from third parties, or establishing other relationships that enable us to expand our business more rapidly.

The development process for our products and services is complex and involves some risks, including challenges in hiring and retaining highly qualified technical employees, possible delays in product or service launches, challenges posed by Internet-based products and services, as well as potential "bugs." The development of tax preparation software presents a unique challenge because of the demanding annual development cycle required to incorporate annual tax law changes each year. See "Risks That Could Affect Future Results."

MARKETING, SALES AND DISTRIBUTION

MARKETS

The markets that we compete in, particularly in the Internet area, are characterized by rapidly changing customer demands, continuous technological changes and improvements, shifting industry standards and frequent new product introductions by other companies. In particular, the Internet has greatly enhanced the ability of customers to make product and price comparisons, shifting more power to consumers. Market and industry changes can quickly render existing products and services obsolete, so our marketing success depends on our ability to respond rapidly to these changes with new or enhanced products and services, new distribution methods, different competitive strategies and other appropriate changes to the way we do business.

RETAIL DISTRIBUTION

We market our desktop software in North America through traditional retail software outlets, computer superstores, office and warehouse clubs and general mass merchandisers, as well as through "e-tailers" that take customer orders for products on their websites. In international markets, we also rely on distributors, value-added resellers and other third parties, who sell products into the retail channel.

During the past several years, there has been some consolidation among retailers, which has resulted in several large retailers and mass merchandisers with significant bargaining power. We expect to face ongoing challenges in negotiating retail relationships, and in ensuring good access to retail distribution channels, in fiscal 2001 and

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beyond. See "Competition," and "Risks That Could Affect Future Results." However, we continue to benefit from strong relationships with a number of major retailers, which allows us to minimize our dependency on any specific retailers. No retailer accounted for 10% or more of our revenue during the past three fiscal years, and only one distributor met this threshold. (Ingram Micro Inc. accounted for 15% in fiscal 1998, 16% in fiscal 1999 and 10% in fiscal 2000.) We expect to rely less on distributors in future years as we ship more of our products directly to individual retail locations. See "Manufacturing and Distribution."

We generally ship substantially more products to our retailers than we expect them to sell in order to reduce the risk that they will run out of products. This is particularly true for our tax products. As a result, we experience significant levels of product returns from the retail channel. See "Risks That Could Affect Future Results."

DIRECT AND ELECTRONIC DISTRIBUTION

We use direct sales campaigns (such as direct-mail and telephone solicitations, direct-response newspaper and magazine advertising, and television and radio advertising) to generate software orders, stimulate retail demand and generally maintain and increase consumer awareness of our products. Direct marketing campaigns are one of the most effective ways to encourage software upgrades and the purchase of new products and services by existing customers. Direct sales frequently generate significantly higher revenue per unit than retail sales, but this also means that aggressive retail pricing (such as we have seen in the consumer tax area) can harm our direct sales efforts. Direct sales make up a significant portion of total desktop software revenue, accounting for more than a third of our desktop revenues in fiscal 2000.

Many of our direct customers choose to order and/or take delivery of products electronically through our QuickenStore(SM), Intuit Market.com and other websites. Electronic ordering and delivery are convenient for customers and more cost-efficient for Intuit. Electronic delivery has been a particularly effective method of distribution for our Quicken TurboTax state tax preparation products. During fiscal 2000, approximately 11% of our total net revenue was generated by products ordered and/or delivered electronically. We may be required to make additional investments in our direct distribution operations in order to comply with evolving requirements relating to customer privacy and security. See "Risks that Could Affect Future Results."

OEM, FRANCHISE/CORPORATE AND ADVERTISING SALES

We have relationships with a number of OEMs, or "original equipment manufacturers," that enable us to generate sales of Intuit products in two ways. First, the OEMs "pre-bundle" entry-level versions of our products on the computer systems that the OEMs sell to their customers. Although these "prebundled" OEM sales sometimes generate little revenue for Intuit (due to the low prices that the OEMs may pay for the products), and reduce profitability in the short term, they are strategically important because they are a good source of new customers. The second source of revenue from the OEM channel is "after sale" programs, where customers who are purchasing custom-configured computers can select and purchase software products that they want to have pre-installed. This is an attractive distribution channel for us, as revenues generally reflect retail pricing but our costs are relatively low. We currently sell QuickBooks and higher-end Quicken products through after-sale programs, and we expect to expand our OEM after-sale program in fiscal 2001.

We have a franchise/corporate direct sales program through which we make products and services available to a large number of individual users under a license with the franchise or corporation with which the users are associated. For example, we offer QuickBooks products and related services, such as payroll and QuickBooks Support Network, to individual small businesses under a franchise or corporate license. Although fiscal 2000 revenues from this channel were not material, we believe franchise and corporate sales will become an important new distribution channel (especially for our small business products and services) over the next several years.

A small but increasing portion of our revenue comes from the sale of advertising and sponsorships on Quicken.com, as well as advertising within our desktop products. As this source of revenue has grown, we have developed a small internal sales force with media and services sales skills.

COMPETITION

OVERVIEW

We face intense competition from many companies in almost all of our business areas, both domestically and internationally. Many of our competitors have significantly greater financial, technical and marketing resources than we do, and the competitive landscape can shift rapidly, particularly in Internet products and services. See "Risks That Could Affect Future Results."

We believe the most important competitive factors for our desktop software are product features, ease of use, the size of the installed customer base, quality and reliability, brand name recognition, timing of product launches compared to competitors (particularly for tax products), price, quality of technical support services and access to distribution channels. We believe we compete effectively on most of these factors, as our three principal desktop software products (QuickBooks, Quicken TurboTax, and Quicken) are the leading products in the retail sales channel for their respective categories.

For our Internet-based products, and services, we believe the most important competitive factors are speed in getting new products and services to market, the ability to distribute them effectively (through generating website traffic or through traditional retail and direct distribution), brand name recognition, product features and ease of use. Although some of our Internet-based product and service offerings, such as Quicken TurboTax for the Web and electronic filing services, have initially established strong competitive positions, the markets for Internet-based products and services are still emerging and the competitive landscape is constantly evolving.

SMALL BUSINESS DIVISION

The major domestic competitor for our small business accounting software is currently Peachtree Software, which is owned by The Sage Group PLC, a major accounting software competitor based in the United Kingdom and Germany. We also face competition from web-based accounting software. Despite competitive pressures, according to statistics published by PC Data, QuickBooks accounted for more than 85% of unit sales of small business accounting desktop software in the retail channel from August 1999 through July 2000.

Our Premier Payroll Service competes with traditional payroll services offered by a number of companies, including Paychex and ADP. Our Deluxe Payroll Service competes with other web-based payroll services. Peachtree and others also offer tax table subscription services that compete with our Basic Payroll Service.

Our financial supplies business competes with a number of business forms companies, such as New England Business Service and Deluxe Business Systems, as well as with direct mail check printers and banks and a number of smaller-scale Internet-based printing companies. In addition, our QuickBooks products include some features (such as customizable invoicing) that compete with our supplies products. Also, online bill payment services, and online payroll services with direct deposit capabilities (including services offered by or through Intuit) offer competitive alternatives to printed checks. Significant competitive factors for the supplies business include ordering convenience, distribution channels, product quality, speed of delivery and price. We believe convenient access to our large QuickBooks and Quicken customer bases is a significant competitive advantage for us.

TAX DIVISION

Competition in consumer tax is intense, and has been increasing over the past several years. Our major domestic competitors for desktop consumer tax software during fiscal 2000 were H&R Block (the makers of TaxCut

software) and Microsoft (with its TaxSaver product). Despite intense competition, our Quicken TurboTax products accounted for approximately 68% of unit sales of desktop consumer tax preparation software in the retail channel from August 1999 through July 2000 (according to statistics published by PC Data) -- only a one-point decline from the prior year. For web-based tax preparation, H&R Block was our primary competitor in fiscal 2000. Web-based tax preparation is a relatively new service, and we expect the competitive landscape to evolve as more competitors enter the market and as others consolidate. We also face potential competitive challenges from electronic tax preparation and filing services that the government may seek to offer. However, countervailing developments have also occurred, as some government tax agencies in the past year abandoned their previous plans to try to duplicate private sector services.

See "Risks That Could Affect Future Results."

The professional tax preparation software marketplace has many competitors. Our largest competitors in the U.S. are CCH Incorporated, with its Computax product line, and RIA, with its Fast-Tax and Creative Solutions offerings. We face an ongoing challenge in obtaining new professional tax customers, because of the time and expense involved for professional tax preparers to switch to a new product. In the past, the professional tax market has been highly fragmented, but it has experienced some consolidation in recent years, including acquisitions by Intuit. See Note 3 of the financial statements.

CONSUMER FINANCE DIVISION

In desktop consumer finance software, Microsoft is currently our primary domestic competitor. We also face competition from web-based personal finance tracking and management tools that are becoming increasingly available at no cost to consumers. Despite competitive pressures, according to statistics published by PC Data, Quicken accounted for approximately 80% of unit sales of desktop personal finance software in the retail channel from August 1999 through July 2000.

There are many competitors for our other consumer finance products and services, particularly for our Internet products and services. Our Quicken.com site competes for traffic with online financial publishers and the financial areas on numerous online services such as Yahoo!, as well as financially-oriented websites such as Microsoft's Money Central. We also face increasing competition from financial institutions that are developing their own financial software and websites. Similarly, government agencies such as the U.S. Postal Service have entered the market in the past year, offering commercial electronic financial services to consumers, such as electronic bill payment and presentment. Our online mortgage and insurance businesses compete with traditional providers of mortgage and insurance products, as well as with other online services. In the online arena, we compete with a number of smaller companies with a very narrow product focus, as well as larger, more diversified companies. For example, Quicken Loans competes with E-LOAN and Countrywide Credit Industries, Inc., and QuickenInsurance competes with Insweb and Quotesmith.

INTERNATIONAL DIVISION

In Japan, our primary competitors in the small business accounting arena are OBC, PCA and Sorimachi. In Canada, we face competition from a number of companies in the small business arena, including Computer Associates International, Inc. and MYOB Group. The primary competitor for our tax business is CCH and our primary competitor in the personal finance area is Microsoft. In Europe, we face strong competition from The Sage Group PLC (based in the United Kingdom), Bhuldata (Wiso) and Microsoft in the small business market, as well as competition from web-based accounting products that are becoming available. This increasing competition may have a more significant impact on our international business in the future, as the focus of our European business is shifting towards the small business market. Many of the competitors identified above, including MYOB, Sage and Microsoft, also compete with us in other international markets.

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CUSTOMER SERVICE AND TECHNICAL SUPPORT

We provide customer service and technical support by telephone, fax, electronic mail and the Web. We have full-time customer service and technical support staffs for each of our business divisions, which we supplement with seasonal employees and outsourcing during periods of peak call volumes (such as during the tax return filing season, or following a major product launch).

During the past few years, we have focused on developing support capabilities that can supplement, or in some situations replace, telephone service and support. For example, customers who are connected to the Internet can use our website to find answers to commonly asked questions, check on the status of a product order and receive bug fixes electronically. Alternative service and support methods are less expensive for us and are often more efficient and effective for customers as well. In addition, except for product installation or product defect issues, we generally charge customers for technical support, and these fee-for-support programs have helped control our technical support costs.

Despite our efforts to adequately staff and equip our customer service and technical support operations, we cannot always respond promptly to customer requests for assistance. When we experience customer service and support problems, they can adversely affect customer relationships and our financial results. See "Risks That Could Affect Future Results."

MANUFACTURING AND DISTRIBUTION

DESKTOP SOFTWARE

The major steps involved in manufacturing desktop software are duplicating CDs and disks, printing manuals and boxes, and assembling and shipping the final products. We outsource most of these tasks to vendors who are required to follow our strict quality guidelines. We have a small in-house manufacturing and shipping facility to handle low-volume products, and to handle shipments for direct sales orders after the initial product launch orders are filled. Our retail product launches have become operationally more complex over the past few years. We have evolved from shipping to a few hundred distribution centers (with distributors delivering products to individual retail locations) to a "direct to storefront" model in which we ship products directly to thousands of individual retail locations. This allows us to be more responsive to the needs of our retail accounts. We have a manufacturing and distribution agreement with Modus Media International, Inc. that covers all outsourced aspects of our retail launches for QuickBooks, Quicken TurboTax, and Quicken. Modus has operations in multiple locations to provide redundancy, and, with our permission, they may work with other vendors to handle selected aspects of the product launches. While we believe that using a single vendor for our three primary retail product launches improves the efficiency and reliability of our product launches, reliance on one vendor can have severe negative consequences if the vendor fails to perform for any reason.

We have multiple sources for all of our raw materials and availability has not been a problem for us in the past. Prior to major product releases, we tend to have significant levels of backlog, but at other times backlog is minimal and we normally ship products within a few days of receiving an order. Because of this fluctuation in backlog, we believe that backlog is not an important measure of our future sales.

INTERNET-BASED PRODUCTS AND SERVICES

Intuit's data centers house the systems, networks and databases required to operate and deliver our Internet-based products and services. Through our data centers, we connect customers to products and services, and we store the vast amount of data that represents the content on our websites. Our data centers consist of approximately 1,700 servers and 200 databases located primarily in three locations. In an effort to minimize unavailability,

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or "down time" for our Internet-based products and services, we follow industry-standard practices for creating a fault-tolerant environment.

Despite our efforts to maintain continuous and reliable operations at our data center, like all providers of Internet-based products and services, we occasionally experience unplanned outages or technical difficulties. For example, during fiscal 2000, we experienced service interruptions for our online payroll service, and during fiscal 1999 we experienced outages for our electronic tax offerings and the portfolio functionality on Quicken.com. Lengthy and/or frequent service outages -- particularly for services that customers consider time sensitive -- can result in negative publicity, damage to our reputation and loss of customers. See "Risks That Could Affect Future Results."

PRIVACY AND SECURITY OF CUSTOMER INFORMATION

As Internet-based products and services continue to expand, customers are becoming increasingly concerned about the privacy and security of information that they provide over the Internet to product and services providers. We have established guidelines and practices to help ensure that customers are aware of, and can control, how we use information about them. All of our Intuit-owned and operated websites (including Quicken.com, QuickBooks.com and TurboTax.com) have been certified by TRUSTe, an independent, non-profit privacy organization that operates a website certification program to alleviate users' concerns about online privacy. We have a privacy statement posted on our websites that provides details on our privacy principles.

To address security concerns, we use industry-standard security safeguards to help protect the information customers give to us from loss, misuse and unauthorized alteration. Whenever customers transmit sensitive information, such as a credit card number or tax return data, to us through our web site, we provide them access to our servers that allow encryption of the information as it is transmitted to us. We work to protect personally identifiable information stored on the web site's servers from unauthorized access using commercially available computer security products, such as firewalls, as well as internally developed security procedures and practices.

Despite our efforts to address customer concerns about privacy and security, these issues still pose a significant risk to Intuit and other companies doing business over the Internet. During the past year we have faced lawsuits and negative publicity relating to privacy issues. Our response to these allegations has been that we do not share any personally identifiable information except as disclosed in our privacy policies. A major breach of customer privacy or security, even by another company, could have serious consequences for our Internet-based businesses. See "Risks That Could Affect Future Results" and "Legal Proceedings."

We offer several regulated products and services through separate subsidiary corporations. For example, Intuit's Quicken Investment Services, Inc. subsidiary ("QISI") is registered as an investment adviser with the SEC and is subject to some state regulatory laws as well. QISI is responsible for certain of the investment-related features in our products and services. Our Quicken Loans service is offered by a subsidiary that is subject to federal and state mortgage and loan broker regulations. Our QuickenInsurance service is offered by a subsidiary that is subject to state insurance regulations.

Our Quicken products allow customers of participating brokerages to trade securities through their broker's website. QuickenInsurance may expand its site to directly offer other insurance products, such as variable annuities, that are considered "securities" under federal and state laws. We believe we have structured these services in a way that does not subject Intuit to direct government regulation under federal and/or state securities broker-dealer laws. However, it is possible that these services, or other services we may offer in the future, may become regulated under broker-dealer laws or other regulations. We continually analyze new business opportunities, and any new businesses that we pursue may require additional costs for regulatory compliance.

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Current government regulation poses a number of risks to us, including potential liability to customers and/or penalties and sanctions by government regulators. Future regulation could hamper the growth of our Internet-based businesses. In addition, our Internet-based products and services are available in many states and foreign countries, and as a result, we may be subject to regulation and taxation in many additional jurisdictions. If Internet activity becomes heavily regulated in other respects, that could have major negative consequences for the growth of our Internet-based businesses. See "Risks That Could Affect Future Results."

INTELLECTUAL PROPERTY

We rely on a combination of copyright, patent, trademark and trade secret laws, and employee and third-party nondisclosure and license agreements, to protect our software products and other proprietary technology. While our proprietary technology is important, we believe our success depends more heavily on the innovative skills and technical competency of our employees. We do not own all of the software and other technologies used in our products and services, but we have the licenses from third parties that we believe are necessary for using that technology in our current products.

We consider our principal trademarks (including Intuit, QuickBooks, Quicken TurboTax, and Quicken) to be important assets and have registered these and other trademarks and service marks in the U.S. and many foreign countries. The initial duration of trademark registrations varies from country to country and is 10 years in the U.S. Most registrations can be renewed perpetually at 10-year intervals.

We face a number of risks relating to our intellectual property, including persistent piracy issues for our desktop software products, and the risk of third party infringement claims. See "Risks That Could Affect Future Results."

EMPLOYEES

As of September 30, 2000, we had about 4,500 full-time employees in the United States, and about 350 full-time employees internationally. We believe our future success and growth will depend on our ability to attract and retain qualified employees in all areas of our business. We don't currently have any collective bargaining agreements with our employees, and we believe employee relations are generally good. Although we have employment-related agreements with a few key people, these agreements do not guarantee continued service. We believe we offer competitive compensation and a good working environment. However, we face intense competition for qualified employees, especially for our Internet-based businesses. Like many of our competitors, we have had difficulties during the past few years hiring and retaining employees, and we expect to face continuing challenges in recruiting and retention.

ITEM 2. PROPERTIES

Our principal offices and corporate headquarters are located in Mountain View, California. We lease the majority of our Mountain View facilities under leases with staggered eight-year terms that we entered into in 1994. With additional buildings that we leased in fiscal years 1999 and 2000, our total available Mountain View facilities consist of approximately 482,000 square feet. We have significant operations in leased facilities in San Diego, California, as well, with approximately 258,000 square feet for office space, a data center and a manufacturing and distribution center. The San Diego leases expire from 2004 through 2007. We also lease approximately 135,000 square feet in Tucson, Arizona, where our primary customer service call center is located. The Tucson lease expires in 2009. See Note 8 of the financial statements for information about our lease commitments.

We also lease or own facilities in a number of other domestic locations, including Alexandria, Virginia (where our QuickenInsurance business is located); Dallas and Plano, Texas (where our Lacerte subsidiaries are located);

Reno, Nevada (headquarters for our payroll business); and Livonia, Michigan (where our Quicken Loans business is headquartered). We also lease or own facilities in Canada, England and Japan.

We believe our facilities are adequate for our current and near-term needs, and that we will be able to locate additional facilities as needed. However, our lease expenses for our headquarters in Mountain View, California could increase significantly if and when we renew our current leases, as the cost of office space in the region has increased sharply in recent years.

ITEM 3. LEGAL PROCEEDINGS

On March 3, 2000 a class action lawsuit, Bruce v. Intuit Inc., was filed in the United States District Court, Central District of California, Eastern Division. Two virtually identical lawsuits were later filed: Rubin v. Intuit Inc., was filed on March 8, 2000 in the United States District Court, Southern District of New York and Newby v. Intuit Inc. was filed on April 27, 2000, in the United States District Court, Central District of California, Eastern Division. A similar lawsuit, Almanza v. Intuit Inc. was filed on March 22, 2000 in the Superior Court of State of California, San Bernadino County, Rancho Cucamonga Division. The Bruce and Newby lawsuits were then consolidated into one lawsuit, In re Intuit Privacy Litigation, filed on July 28, 2000 in the United States District Court of California, Eastern Division. These purported class actions allege violations of various federal and California statutes and common law claims for invasion of privacy based upon the alleged intentional disclosure to third parties of personal and private customer information entered at Intuit's Quicken.com website. The complaints seek injunctive relief, orders to disgorge profits related to the alleged acts, and statutory and other damages. Intuit believes these lawsuits are without merit and intends to defend the litigation vigorously.

In addition, on April 19, 2000, Bosch v. Intuit Inc. was filed in the Superior Court, State of California, County of Los Angeles, Central District. This lawsuit alleges violations of California statutes for alleged false and deceptive advertising and unlawful business practices related to QuickBooks products and purchasing the Basic Payroll Service. In September 2000, the plaintiff voluntarily dismissed this lawsuit.

Intuit is subject to other legal proceedings, as well as demands, claims and threatened litigation, threatened litigation, that arise in the normal course of our business. We currently believe that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The following table shows executive officers and their areas of responsibility as of September 30, 2000. Biographies are included after the table.

<TABLE>
<CAPTION>

NAME	AGE	POSITION
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<S>	<C>	<C>
Stephen M. Bennett.....	46	President, Chief Executive Officer and Director
William V. Campbell.....	60	Chairman of the Board of Directors
Scott D. Cook.....	48	Chairman of the Executive Committee of the Board of Directors
Alan A. Gleicher.....	47	Senior Vice President, International
David A. Kinser.....	49	Senior Vice President, Service Delivery and Operations
Greg J. Santora.....	49	Senior Vice President, Finance and Corporate Services; Chief Financial Officer

</TABLE>

<TABLE>
<CAPTION>

NAME	AGE	POSITION
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<S>	<C>	<C>
Raymond G. Stern.....	39	Senior Vice President, Corporate Strategy and Marketing
Larry J. Wolfe.....	49	Senior Vice President, Tax Division
Dennis Adsit.....	42	Vice President, Process Excellence
Sonita Ahmed.....	43	Vice President, Finance & Corporate Controller
Thomas A. Allanson.....	42	Vice President, Tax Strategy
Caroline F. Donahue.....	39	Vice President, Sales
Linda Fellows.....	52	Vice President, Investor Relations and Treasurer
Daniel B. Gilbert.....	38	Vice President, Quicken Loans
Larry King, Jr.....	38	Vice President, Payroll Services Group
Elisabeth M. Lang.....	43	Vice President, Corporate Public Relations & Marketing Communication
Carol Novello.....	35	Vice President, Financial Supplies Group
Daniel T. Nye.....	34	Vice President, Small Business Division
Enrico Roderick.....	41	Vice President, Personal Finance Group
Catherine L. Valentine.....	48	Vice President, General Counsel and Corporate Secretary
Sherry Whiteley.....	41	Vice President, Human Resources

</TABLE>

Mr. Bennett joined Intuit as President and Chief Executive Officer and a Board member in January 2000. Prior to joining Intuit, Mr. Bennett was an Executive Vice President and a member of the Board of Directors of GE Capital, the financial services subsidiary of General Electric Corporation, positions he held since December 1999. From July 1999 to November 1999 he was President and Chief Executive Officer of GE Capital e-Business. He was President and Chief Executive Officer of GE Capital Vendor Financial Services from April 1996 through June 1999, and Vice President of Americas GE Industrial Systems from August 1993 through March 1996. He holds a BA degree in finance and real estate from the University of Wisconsin.

Mr. Campbell was elected to Intuit's Board of Directors in May 1994. He has served as Chairman of the Board since August 1998 and was Acting Chief Executive Officer from September 1999 until January 2000. He also served as Intuit's President and Chief Executive Officer from April 1994 through July 1998. Mr. Campbell also serves on the board of directors of SanDisk Corporation (a computer storage devices company), and Apple Computer, Inc. (a computer company). He is a member of SanDisk's Compensation Committee and a member of Apple's Audit Committee. Mr. Campbell holds both a Bachelors and a Masters degree in economics from Columbia University.

Mr. Cook, a founder of Intuit, has been a director of Intuit since March 1984 and is currently Chairman of the Executive Committee of the Board. He served as Intuit's Chairman of the Board from March 1993 through July 1998. From March 1984 to April 1994, he also served as President and Chief Executive Officer of Intuit. Mr. Cook also serves on the board of directors of Amazon.com, Inc. (an online merchant), ebay Inc. (an electronic commerce company) and The Procter & Gamble Company (a consumer products company). Mr. Cook holds a Bachelor of Arts degree in economics and mathematics from the University of Southern California and an MBA from Harvard University.

Mr. Gleicher was appointed Senior Vice President, International Division in March 2000. He had been Intuit's Senior Vice President of Sales since March 1997 and assumed responsibility for the International Division in September 1999. He served as Intuit's Vice President of Sales from December 1993 to March 1997. Mr. Gleicher has a Bachelors degree in economics and business finance from San Diego State University. He also earned a certificate from the Marketing Management Program at Stanford University.

Mr. Kinser was appointed Senior Vice President, Service Delivery and Operations in March 2000. Mr. Kinser joined Intuit as Senior Vice President of Operations in February 1997. Prior to that, Mr. Kinser served as a consultant to Intuit from July 1995 to February 1997. Mr. Kinser served as Chief Financial Officer and Vice President of Operations for Collabra Software from 1994 to 1995. He has also held executive positions at Claris Corp. and Apple Computer, Inc. Mr. Kinser holds a Bachelor of Arts degree from Humboldt State University.

Mr. Santora has been Senior Vice President, Finance and Corporate Services since March 1999. He has served as Intuit's Chief Financial Officer since July 1997. He served as Vice President of Finance from November 1996 to March 1999. He joined Intuit as Corporate Controller in January 1996. From 1983 to 1995, Mr. Santora held a variety of senior financial positions at Apple Computer, Inc., including Senior Finance Director of Apple Americas from May 1992 to January 1996. Mr. Santora, who is a certified public accountant, holds a Bachelor of Science degree in accounting from the University of Illinois and an MBA from San Jose State University.

Mr. Stern became Senior Vice President, Corporate Strategy and Marketing in March 2000. Prior to that he was Intuit's Senior Vice President, Strategy, Corporate Development and Administration from March 1999 until March 2000. He joined Intuit in January 1998 as Senior Vice President of Strategy, Finance and Administration. Prior to joining Intuit, Mr. Stern spent over ten years with The Boston Consulting Group (a business consulting firm), where he was the partner responsible for the firm's West Coast high technology practice from May 1994 to December 1997. Mr. Stern holds a Bachelor of Science degree in mechanical

engineering from Stanford University and an MBA from Harvard University.

Mr. Wolfe has been Intuit's Senior Vice President of the Tax Division since May 1997. Prior to that, he served as Vice President and General Manager of Intuit's Personal Tax Group from April 1996 to May 1997. He was the director of technical support and sales for Intuit's Professional Tax Group from March 1994 to April 1996. Mr. Wolfe holds a Bachelor of Science degree in Business Administration from the University of Southern California and is a certified public accountant.

Mr. Adsit joined Intuit in July 2000 as Vice President, Process Excellence. He was Senior Vice President, Six Sigma Practice Leader, at Rath and Strong, a division of AON Corporation in Lexington, Massachusetts from April 1999 to June 2000. From June 1995 until April 1999 he also held Principal and Vice President positions in the Leadership & Organizational Effectiveness Practice at Rath and Strong Management Consultants. He holds a BA degree in mathematics and psychology from Bowling Green State University and a Masters and Ph.D. in industrial and organizational psychology from the University of Minnesota.

Ms. Ahmed joined Intuit in April 1997. She became Vice President Finance in July 1999 and has been Controller since November 1997. She held Divisional Controller positions at Apple Computer, Inc. from August 1988 to March 1997. Ms. Ahmed holds a bachelor's degree in Business and an MBA from Santa Clara University and is also a certified public accountant.

Mr. Allanson joined Intuit in September 2000 as Vice President of Tax Strategy. Prior to joining Intuit, he was with GE Capital Colonial Pacific Leasing (a vendor financial services business) from May 1995 through August 2000, serving as President from October 1998 to August 2000. He was Sales Effectiveness Leader/GM from September 1997 to October 1998 and was Manager, Marketing Equipment Business (an electrical distribution and control business) from May 1995 through September 1997. Mr. Allanson holds a Bachelor of Science degree in mechanical engineering from Auburn University.

Ms. Donahue joined Intuit as Director of Sales in May 1995 and was appointed a Vice President in September 1997. Prior to that, Ms. Donahue was Director of Sales at Knowledge Adventure and she worked in various sales and channel management positions at Apple Computer and Next, Inc. She holds a Bachelor of Arts degree from Northwestern University.

Ms. Fellows was appointed Vice President, Investor Relations and Treasurer in January 2000. She joined Intuit as Corporate Treasurer and Director of Investor Relations in May 1997. Prior to that, Ms. Fellows served as Treasurer and Director of Investor Relations of Bay Networks, Inc. from October 1990 to April 1997. Ms. Fellows holds a Bachelor of Arts degree from Stanford University and an MBA from Santa Clara University.

Mr. Gilbert joined Intuit as a Vice President in December 1999, when Intuit acquired Rock Financial Corporation. Prior to joining Intuit, Mr. Gilbert had founded Rock in 1985 and had served as its President and Chief Executive Officer. Mr. Gilbert is currently CEO and a director of Quicken Loans Inc., which is a wholly owned

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subsidiary of Intuit that operates Intuit's mortgage business. He holds an undergraduate degree from Michigan State University and a law degree from Wayne State Law School.

Mr. King has been a Vice President of Intuit since August 1997 and has been responsible for Intuit's payroll business since September 1999. He served as Vice President and General Manager of the Financial Supplies Group from August 1998 to September 1999. Prior to that, he was responsible for Direct Sales and Service from September 1995 to August 1998. Prior to joining Intuit in September 1995, Mr. King was Director of Telephone Services at Household Credit Services, a part of Household International, from 1993 to 1995. He holds a BA degree in communications marketing and an MBA from the University of Miami.

Ms. Lang joined Intuit as a Vice President of Corporate Communications in July 1998 and became Vice President, Corporate Public Relations, Marketing Communications and Privacy in March 2000. She was previously Vice President of Corporate Communications for a subsidiary of LVMH Moet Hennessy Louis Vuitton from February 1998 to May 1998 and Vice President of Corporate Communications for Pacific Telesis from 1994 to January 1998. She holds a Liberal Arts degree from Ohio State University.

Ms. Novello became Vice President of the Financial Supplies Group in December 1999. She served as Director of Intuit's Small Business Direct Marketing and Sales from April 1999 to November 1999, and Director of Marketing for the Financial Supplies Group from November 1997 to March 1999. She joined Intuit as Group Marketing Manager of the Financial Supplies Group in November 1996, a position she held until October 1997. Prior to joining Intuit, Ms. Novello was General Manager, Consumer Products Division at Cincinnati Microwave, Inc. (a wireless communications company) from August 1995 to August 1996 and was Chief Operating Officer at Capital Rose, Inc. (a cooperative financial services

company) from August 1994 to July 1995. Ms. Novello holds a BA in Economics and English from Dickinson College and an MBA from Harvard University.

Mr. Nye has been Vice President of the Small Business Division since March 2000. He was Vice President of the QuickBooks Internet Solutions business from September 1999 to March 2000, and Vice President of International Operations from September 1998 to August 1999. Mr. Nye joined Intuit in January 1995 and served in a number of positions, including Director of Marketing for the QuickBooks product line, from January 1995 to September 1998. Prior to joining Intuit, he held a number of positions in brand management at Procter and Gamble. Mr. Nye holds a BA degree from Hamilton College in New York and an MBA from Harvard University.

Mr. Roderick was elected a Vice President of Intuit in October 1998 and assumed responsibility for the Personal Finance Group in March 2000. He joined Intuit in August 1996 as Group Product Manager, and became Director of Banking Services in March 1997. Before joining Intuit, he was a Vice President and Senior Marketing Manager for Wells Fargo from October 1977 through August 1996. Mr. Roderick holds a BS in business administration from San Francisco State University and an MBA from University of California, Berkeley. He also completed the Executive Management Program at UCLA.

Ms. Valentine joined Intuit as General Counsel in September 1994. She has served as a Vice President of Intuit since August 1997 and as Corporate Secretary since April 1996. Prior to joining Intuit, Ms. Valentine had served as general counsel for Macromedia and for Go Corporation. Ms. Valentine holds Bachelor of Arts degrees in finance and economics from the University of Illinois and a JD degree from the University of Chicago.

Ms. Whitely joined Intuit in July 2000. Prior to joining Intuit, she served in several human resources positions with Silicon Graphics, Inc. from 1992 to July 2000, including Staffing from 1992 to 1994 and HR Strategy from 1994 to 1996, Executive Coaching and Development, Leadership Development and Technical Education from 1996 to 1998 and Executive Recruiting from 1998 to July 2000. Ms. Whiteley holds a Bachelor of Arts degree in history from Santa Clara University, and graduated from the Executive General Management and Human Resources Executive Programs at Stanford University.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION FOR COMMON STOCK

Intuit's common stock began trading over the counter in March 1993 at the time of our initial public offering. It is quoted on the Nasdaq National Market under the symbol "INTU." The following table shows the range of high and low closing sale prices reported on the Nasdaq National Market for the periods indicated. Prices reflect inter-dealer prices without retail markup, markdown or commissions. The market price of our common stock has been volatile. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Risks That Could Affect Future Results." On September 29, 2000, the closing price of Intuit's common stock was \$57.00.

<TABLE>

<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
FISCAL YEAR ENDED JULY 31, 1999		
First quarter.....	\$17.04	\$11.40
Second quarter.....	32.77	16.63
Third quarter.....	36.75	25.69
Fourth quarter.....	32.75	24.25
FISCAL YEAR ENDED JULY 31, 2000		
First quarter.....	\$35.75	\$22.50
Second quarter.....	90.00	27.69
Third quarter.....	72.75	30.00
Fourth quarter.....	46.19	25.75

</TABLE>

STOCKHOLDERS

As of September 29, 2000, we had approximately 900 record holders of our common stock, and about 90,000 beneficial holders.

ANNUAL MEETING OF STOCKHOLDERS

The date of our next Annual Meeting of Stockholders will be December 8, 2000. Any stockholder who wished to bring a proposal before the December 8, 2000 Annual Meeting of Stockholders was required to provide written notice of the proposal to our Corporate Secretary, at Intuit's principal executive offices, by August 29, 2000.

DIVIDENDS

Intuit has never paid any cash dividends on its common stock. However, our financial statements reflect dividends previously paid by Rock and Title Source because we accounted for those acquisitions as a pooling of interests. See Note 1 of the financial statements. We currently anticipate that we will retain all future earnings for use in our business, and do not anticipate paying any cash dividends in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

On August 2, 1999 we issued 299,940 shares of our common stock as partial consideration for our acquisition of Boston Light Software Corporation, a Massachusetts corporation that provides electronic commerce tools for small businesses. Intuit issued these shares to five principal stockholders in connection with the merger transaction in which Boston Light became a wholly-owned subsidiary of Intuit. The shares issued in this transaction were issued without registration under the Securities Act of 1933, as amended (the "1933 Act") in reliance on an exemption under Section 3(a)(10) of the 1933 Act, after a hearing on the fairness of the transaction held by the California Department of Corporations under the California Corporate Securities Law of 1968.

On January 24, 2000, we issued and sold 225,000 shares of our common stock to Stephen M. Bennett, our recently appointed President and Chief Executive Officer, pursuant to two Restricted Stock Purchase Agreements. The purchase price for the shares was \$0.01 per share, for an aggregate purchase price of \$2,250. The shares were issued without registration under the 1933 Act, in reliance on an exemption under Section 4(2) of the 1933 Act. The shares are subject to vesting over periods of up to 10 years. Intuit may repurchase any unvested shares for the original purchase price if Mr. Bennett's employment with Intuit is terminated under specified circumstances.

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ITEM 6. SELECTED FINANCIAL DATA

The following table shows selected consolidated financial information for Intuit for the past five fiscal years. The comparability of the information is affected by a variety of factors, including acquisitions and dispositions of businesses, and gains and losses related to marketable securities and other investments. Historical information has been restated to reflect the acquisitions of Rock Financial Corporation and Title Source, Inc. as a pooling of interests in December 1999. To better understand the information in the table, investors should also read "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on the next page, and the Consolidated Financial Statements and Notes following that section.

FIVE-YEAR SUMMARY

<TABLE>
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	YEARS ENDED JULY 31,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF OPERATIONS DATA					
Net revenue as previously reported.....	\$538,608	\$598,925	\$592,736	\$847,568	\$ --
Net revenue of pooled companies.....	28,565	50,820	96,546	92,867	--
Net revenue as restated.....	567,173	649,745	689,282	940,435	1,093,825
Income (loss) from continuing operations.....	(12,351)	8,590	6,182	386,564	305,661
Net income (loss) as previously reported.....	(20,699)	68,308	(12,157)	376,549	--
Net income of pooled companies.....	2,004	11,522	18,339	10,015	--
Net income (loss).....	(18,695)	79,830	6,182	386,564	305,661
Basic income (loss) per share from continuing operations.....	(0.09)	0.06	0.04	2.02	1.52
Basic net income (loss) per share.....	(0.13)	0.54	0.04	2.02	1.52
Diluted net income (loss) per share from continuing operations.....	(0.09)	0.06	0.04	1.93	1.45
Diluted net income (loss) per share.....	\$ (0.13)	\$ 0.53	\$ 0.04	\$ 1.93	\$ 1.45

<TABLE>
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	JULY 31,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>

CONSOLIDATED BALANCE SHEET DATA

Cash, cash equivalents and short-term investments.....	\$201,307	\$217,046	\$ 414,564	\$ 859,355	\$1,467,173
Marketable securities.....	5,954	--	499,378	431,319	225,878
Working capital.....	179,390	253,172	632,713	842,213	1,321,957
Total assets.....	518,379	808,104	1,727,584	2,477,460	2,878,902
Long-term obligations.....	5,583	38,323	36,045	36,614	538
Total stockholders' equity.....	\$311,581	\$430,169	\$1,127,943	\$1,561,388	\$2,071,289

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOTE: For a more complete understanding of our financial condition and results of operations, and some of the risks that could affect future results, see "Risks That Could Affect Future Results," beginning on page 32. This section should also be read in conjunction with the Consolidated Financial Statements and related Notes, which immediately follow this section.

RESULTS OF OPERATIONS -- OVERVIEW

Three-Year Revenue and Net Income Trends. The following table shows trends in our revenue and net income for the past three years. Net income is shown in accordance with generally accepted accounting principles ("GAAP"), and also on an adjusted basis. We provide financial information that is adjusted to exclude acquisition-related charges, reorganization costs, and gains and losses related to our marketable securities and other investments. We provide this adjusted financial information as a supplement to, but not a substitute for, GAAP information, in order to assist investors in assessing the results of our core operating businesses as they would be without the impact of significant events that tend to be non-recurring.

<TABLE>
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	FISCAL 1998	FISCAL 1999	FISCAL 2000	1998 - 1999 % CHANGE	1999 - 2000 % CHANGE
	-----	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>
Net revenue.....	\$689.3	\$940.4	\$1,093.8	36.4%	16.3%
Net income -- GAAP.....	\$ 6.2	\$386.6	\$ 305.7	6000+%	(21.0)%
Net income -- Adjusted*.....	\$102.2	\$ 99.6	\$ 134.2	(2.5)%	34.7%

</TABLE>

* Adjusted to exclude acquisition-related charges (such as amortization of purchased intangibles), reorganization costs and gains and losses related to marketable securities and other investments

Impact of Acquisitions and Investment-Related Activity on Comparability of Year-Over-Year Results. During the past three years, we have completed several acquisitions. See Note 3 of the financial statements. In comparing Intuit's results for the last three fiscal years, readers should note that our acquisitions of Lacerte in June 1998, Computing Resources, Inc. in May 1999 and Rock in December 1999 have had a significant impact on our financial results, and on the comparability of our results year over year. Results for fiscal 1999 and 2000 include results for our Lacerte subsidiaries, while fiscal 1998 results include only six weeks of results for Lacerte. Results for fiscal 2000 include activity for our CRI payroll processing subsidiary, while fiscal 1999 results include only three months of CRI's activity and fiscal 1998 does not include any CRI results. Finally, all three years include activity for Rock because the acquisition of Rock was accounted for as a pooling of interests, and all prior periods have been restated to reflect the combined results of Rock and Intuit. See Notes 1 and 3 of the financial statements.

Acquisition-related expenses (including amortization of goodwill) also have a significant impact on the comparability of both our quarterly and yearly results, and have had a negative impact on our earnings. Acquisition-related expenses (on a pre-tax basis) were \$80.9 million in fiscal 1998, \$100.7 million in fiscal 1999 and \$168.1 million in fiscal 2000, and will continue to impact earnings for the next several years. See "Risks That Could Affect Future Results" and Notes 1 and 20 of the financial statements.

During fiscal 1999 and 2000, we made a number of investments in companies with technologies that may be strategically relevant to our businesses, and we liquidated significant portions of certain other investments. These and other activities relating to our investments resulted in pre-tax net gains of \$579.2 million in fiscal 1999 and \$481.1 million in fiscal 2000. In addition, many of our current investments have experienced significant price volatility, which in some cases has a direct impact on our net income. See Note 1 of the financial statements and "Risks That Could Affect Future Results."

Internet-based Businesses. Our Internet-based revenue was approximately 7% of total revenue for fiscal 1998, compared to about 15% in fiscal 1999 and about

27% in fiscal 2000. We use the term "Internet-based revenue" to include revenue from both Internet-enabled products and services, as well as revenue derived from electronic

distribution. Internet products and services include activities where the customer realizes the value of the goods or services directly on the Internet or an Intuit server. Internet product and service revenues include, for example, electronic tax preparation and filing revenues, online payroll subscription revenue, QuickBooks Internet Gateway placement fees, advertising revenues generated on our Quicken.com website and online mortgage and insurance transaction revenue. Electronic distribution includes revenues generated by electronic ordering and/or delivery of traditional desktop software products and financial supplies. During fiscal 2000, Internet products and services accounted for approximately 60% of our Internet-based revenue, and electronic distribution accounted for about 40%. Our Internet-based revenues cut across all of our business divisions. As a result, we do not report Internet-based revenues separately in our financial statements. Instead, each of our business divisions reports Internet-based revenues that are specific to its operations and are included in its results.

We believe the Internet provides an opportunity to increase revenue in fiscal 2001 and beyond. We have made significant progress in several of our Internet businesses over the past three years. During fiscal 2000, our web-based tax preparation and electronic filing services and the QuickBooks Internet Gateway were profitable. However, investors should be aware that some of our other Internet businesses are still in their initial stages and are not yet generating either profits or significant revenue. We also anticipate increased spending in an effort to capitalize on new business opportunities. During fiscal 2001 we expect to double our investments in our emerging Internet businesses, which will contribute to increased research and development expenses as well as increased selling and marketing expenses. See "Risks That Could Affect Future Results."

Seasonality and Other Fluctuations in Results. Our businesses are highly seasonal. Sales of tax products are heavily concentrated in the period from November through March. Sales of consumer finance and small business products are typically strongest during the year-end holiday buying season and the beginning of the calendar year, and therefore major product launches for these products usually occur in the fall or early winter to take advantage of these customer buying patterns. These seasonal patterns mean that our revenue is usually highest during the quarters ending January 31 and April 30. We experience lower revenues for the quarters ending July 31 and October 31, while operating expenses to develop and manage products and services continue at relatively consistent levels during these periods. This can result in significant operating losses in the July 31 and October 31 quarters. Operating results can also fluctuate for other reasons such as changes in product release dates, non-recurring events such as acquisitions, dispositions, gains and losses from marketable securities, and product price cuts in quarters with relatively high fixed expenses.

NET REVENUE

<TABLE>
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	FISCAL	%	FISCAL	%	FISCAL	%	1998 - 1999	1999 -
2000	1998	REVENUE	1999	REVENUE	2000	REVENUE	% CHANGE	% CHANGE
--	-----	-----	-----	-----	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET REVENUE:								
Small Business.....	\$208.3	30.2%	\$292.7	31.1%	\$ 394.3	36.0%	40.5%	34.7%
Tax.....	192.8	28.0%	337.7	35.9%	379.3	34.7%	75.2%	12.3%
Consumer Finance.....	217.5	31.5%	230.6	24.6%	225.8	20.7%	6.0%	(2.1)%
International.....	70.7	10.3%	79.4	8.4%	94.4	8.6%	12.3%	18.9%
Totals.....	\$689.3	100.0%	\$940.4	100.0%	\$1,093.8	100.0%	36.0%	16.0%

</TABLE>

Fiscal 2000 Compared to Fiscal 1999. Revenue for fiscal 2000 was \$1,093.8 million, compared to \$940.4 million in fiscal 1999, representing growth of 16%. This growth reflected strength in a number of areas, including a 108% increase in our Internet-based revenue, as well as a 15% increase in non-Internet product and service revenue, and 19% revenue growth for the International Division. Partially offsetting this growth was a 42% decline in revenue for our Quicken Loans businesses, which combines our former QuickenMortgage business and Rock's mortgage business. Our acquisition of Rock in December 1999 was accounted for as a pooling of interests transaction and had a significant negative impact on our revenue and profit growth from fiscal 1999 to fiscal 2000, because it required us to include Rock's pre-acquisition results in both fiscal 1999 and fiscal 2000. During fiscal 2000, Rock's revenue

declined due to its consolidation of many branch offices and its reallocation of resources from a traditional branch office-based mortgage business to its online mortgage business, as well as rising mortgage interest rates and lower volumes of refinancing and sub-prime loans.

Fiscal 1999 Compared to Fiscal 1998. During fiscal 1999, revenue increased 36% compared to fiscal 1998. The growth was primarily due to our acquisitions of Lacerte in June 1998, and CRI in May 1999, and was partially offset by a decline in Rock's revenue from fiscal 1998 to fiscal 1999. Results also reflected strong growth in our Small Business Division, and growth in Internet-based revenues as a whole.

NET REVENUE BY BUSINESS DIVISIONS

The following revenue discussion is categorized by our business divisions, which is how we examine results internally. Our domestic supplies business is considered a part of our Small Business Division, while the international supplies business is considered part of our International Division. The table above shows each business division's percentage of our net revenue for fiscal 1998, 1999 and 2000. See Note 6 of the financial statements for additional information about our business segments.

Small Business Division. Small Business Division revenue is derived primarily from QuickBooks desktop products, financial supplies products, payroll services, the QuickBooks Support Network and QuickBooks Internet Gateway services.

Fiscal 2000 Compared to Fiscal 1999. Fiscal 2000 revenue for the Small Business Division increased 35% over revenue for fiscal 1999, reflecting growth in several products and services. QuickBooks revenue grew due to higher average selling prices resulting from a greater mix of higher priced, greater functionality products, although unit sales were down slightly from fiscal 1999. Although we experienced solid growth in new users for QuickBooks 2000, which was launched in January 2000, the upgrade rate for existing customers was lower than our historical patterns. We believe there were two primary reasons for the lower upgrade rate. First, we encouraged owners of older versions of QuickBooks to upgrade prior to January 2000 in order to minimize Year 2000 issues. Second, we gave over 350,000 online customers free QuickBooks '98 upgrades to bring them into Year 2000 compliance.

Domestic supplies revenues grew about 13% in fiscal 2000 compared to fiscal 1999. Most of the revenue growth resulted from our decision to charge customers for shipping and handling charges beginning in August 1999. Growth in our base of small business customers who use QuickBooks and Quicken also contributed to revenue growth for supplies.

Our Premier, Deluxe and Basic Payroll Services and the QuickBooks Support Network also contributed to revenue growth for the division in fiscal 2000. While we believe our payroll businesses, and the Deluxe Payroll Service in particular, provide us with a significant opportunity to generate recurring revenue in the future, we face a number of challenges and risks, including operational issues in activating online payroll customers. See "Risks That Could Affect Future Results."

The QuickBooks Internet Gateway, launched in January 2000, is strategically important to us as a way to expand our small business customer base and generate more revenue and profit per customer. It contributed to revenue growth for the Small Business Division, and was also profitable for the year. We believe it will contribute increasing revenue and profitability in fiscal 2001 and beyond, but the business remains subject to a number of risks and uncertainties, including customer and vendor participation and satisfaction levels. See "Risks That Could Affect Future Results."

Fiscal 1999 Compared to Fiscal 1998. Small Business Division revenue for fiscal 1999 increased 41% over fiscal 1998. This increase was largely due to the timing of QuickBooks product launches, with two launches (QuickBooks '99 in January 1999 and QuickBooks 6.0 in June 1998) favorably impacting fiscal 1999 results. Also contributing to the growth was the inclusion of three months of revenue from CRI in fiscal 1999 results. Domestic supplies revenues for fiscal 1999 grew by 12% compared to fiscal 1998 due to price increases and a continued

expansion of products, as well as an increase in our base of small business customers. Revenue from our Basic Payroll Service and QuickBooks Support Network also increased substantially in fiscal 1999 compared to fiscal 1998.

Tax Division. Tax Division revenue is derived from Quicken TurboTax federal and state consumer desktop tax preparation products, ProSeries and Lacerte professional tax preparation products, electronic tax filing services and Quicken TurboTax for the Web online tax preparation services.

Fiscal 2000 Compared to Fiscal 1999. Fiscal 2000 Tax Division revenues increased approximately 12% compared to fiscal 1999, reflecting growth in all

products and services. While our Quicken TurboTax desktop products experienced about 18% unit growth in fiscal 2000, revenue growth was less than 2%, as we also experienced extreme pricing pressures from both H&R Block's TaxCut product and from Microsoft's TaxSaver product, including free product offerings from Microsoft for about half of the tax selling season. This increased competition resulted in significantly lower average selling prices. In March 2000, Microsoft announced that it would discontinue its TaxSaver product after the 1999 tax season. However, they may offer competitive products and services, either directly or indirectly, on the desktop and/or via the web, in future tax seasons. Accordingly, we expect the consumer tax market to remain extremely competitive for the foreseeable future. See "Business -- Competition" and "Risks That Could Affect Future Results."

Revenue for the full consumer tax season is still subject to product returns from our retail distribution channels. Although we expect our reserves for returned products will be adequate to cover retailers' remaining returns of unsold products, higher than expected returns could have a negative impact on fiscal 2001 revenue.

During fiscal 2000 we also experienced significantly higher revenue and volume for Quicken TurboTax for the Web, with revenue more than doubling and units increasing by 470% compared to fiscal 1999. Unit growth was driven by free units offered through our Quicken Tax Freedom Project, which accounted for more than half of Quicken TurboTax for the Web units. Revenue for our electronic filing services almost doubled during fiscal 2000 as well, with 76% unit growth. While we believe that the increasing popularity of the Internet will provide future revenue growth opportunities for these Internet-based tax offerings, we do not expect comparable growth rates in fiscal 2001. In addition, there are risks for these businesses, including potential negative financial and public relations consequences that could result from any significant service interruptions. See "Risks That Could Affect Future Results."

Fiscal 2000 revenues for our professional tax products increased approximately 13% from fiscal 1999. This growth is attributable to a combination of a continued shift to higher priced products, increased pay-per-return revenues (which generate higher revenues per unit), growth in our customer base due in part to our acquisitions of Compucraft and TaxByte during fiscal 1999 (see Note 3 of the financial statements), and continued strength in renewal rates for existing customers.

Fiscal 1999 Compared to Fiscal 1998. Tax Division revenue increased 75% in fiscal 1999 compared to fiscal 1998. A significant portion of this growth resulted from our acquisition of Lacerte in June 1998. Excluding Lacerte, Tax Division revenue increased 30% from fiscal 1998 to fiscal 1999. This growth was driven by our Quicken TurboTax product line, which experienced significantly higher unit sales. The revenue impact of unit sales growth was partially offset by lower average selling prices, due to lower product prices offered in response to aggressive price competition from H&R Block's TaxCut product, as well as a shift in product mix towards the lower priced basic products compared to higher-priced Deluxe versions. We also experienced significant revenue increases in fiscal 1999 for our Quicken TurboTax for the Web and electronic filing services, compared to fiscal 1998. Excluding Lacerte from fiscal 1999 results, our professional tax (ProSeries) product sales increased by 13% in fiscal 1999 compared to fiscal 1998, due to high customer retention rates and customer upgrades to higher-priced products.

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Consumer Finance Division. Consumer Finance Division revenues come primarily from Quicken desktop products, Quicken Loans, advertising, sponsorship and placement fees (both web-based in Quicken.com, as well as in-product advertising in Quicken), online transactions and QuickenInsurance.

Fiscal 2000 Compared to Fiscal 1999. Fiscal 2000 Consumer Finance Division revenue was down about 2% compared to fiscal 1999. Revenue for our Quicken product line grew approximately 18% compared to fiscal 1999, despite lower average selling prices. The increase was due to Y2K-driven customer upgrade activity, aggressive retail promotions in tandem with our tax products, and the launch of the first new Macintosh version since 1998. Advertising and sponsorship revenues more than doubled from fiscal 1999, due to increased sales of Quicken, and increased page views, unique visitors and registered visitors on Quicken.com. Online transactions revenue also grew more than 20%. QuickenInsurance revenues experienced a significant percentage increase, but are still not material.

Revenue growth in these areas was more than offset by a revenue decline of approximately 42% for our Quicken Loans mortgage business, which now consists of our former QuickenMortgage online business, and Rock's online and traditional mortgage businesses. The decline was due in part to Rock's consolidation of many branch offices and its reallocation of resources from its traditional branch office-based mortgage business to its online/call center mortgage business, and the resulting decline in revenue generated by the branch offices. Although total loan volume has declined during the transition period, online mortgage revenues increased 25% from fiscal 1999. In addition, our revenue per loan has increased significantly since our shift, following our acquisition of Rock, from a loan

"referral" model to a "direct" lending model. (These business models are explained in "Business -- Products and Services -- Consumer Finance Division -- Quicken Loans.") Rising mortgage rates (which reduced the demand for refinance mortgages), as well as a significant decline in volume for sub-prime loans due to deteriorating conditions in the sub-prime lending market, also contributed to the Quicken Loans revenue decline. We face continuing challenges in our mortgage business, including interest rate fluctuations. However, we expect revenue growth as well as profitability for our online and total mortgage business in fiscal 2001. See "Risks That Could Affect Future Results."

Our Quicken product line faces many challenges in the personal financial software category, including continuing competition from Microsoft's Money product. Our consumer Internet products and services also face challenges, including the need to establish and maintain important distribution relationships. See "Risks That Could Affect Future Results."

Fiscal 1999 Compared to 1998. Consumer Finance Division revenue increased 6% in fiscal 1999 compared to fiscal 1998. Revenue growth was primarily the result of increased Internet-based revenues, with significant growth in Quicken.com advertising and sponsorship revenue, which was partially offset by a decline in Rock's revenue. Quicken revenue grew approximately 5%. Unit sales increased due to an earlier product release date in fiscal 1999 compared to fiscal 1998, as well as a Quicken/TurboTax bundle promotion. However, revenue growth was negatively impacted by product mix shift towards the lower-priced Quicken Basic products, the fact that we did not introduce a new Quicken product for the Macintosh in fiscal 1999, and increased rebate incentives offered to customers who purchased the Quicken/TurboTax bundle.

International Division. International Division revenues come primarily from Yayoi and QuickBooks small business products in Japan, QuickBooks, Quicken and QuickTax products in Canada, QuickBooks, Quicken and consumer tax products in Europe, and QuickBooks and Quicken products in Southeast Asia.

Fiscal 2000 Compared to Fiscal 1999. International Division revenue for fiscal 2000 increased 19% compared to fiscal 1999. This increase was a result of favorable currency fluctuations (particularly in Japan), as well as increased sales of the Yayoi small business product in Japan, strong tax product sales in Canada (due in part to our acquisition of the assets of CCH's consumer tax business) and stronger sales of QuickBooks in the U.K. Results in Germany partially offset these revenue increases, as we experienced reduced revenue but increased profitability due to a shift in our business model. We moved from direct participation in the German market to a third party distribution

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arrangement with Lexware, a leading business software company, under which we receive royalty payments on sales made by Lexware.

Fiscal 1999 Compared to 1998. Fiscal 1999 International Division revenue increased approximately 12% compared to fiscal 1998. This increase was attributable to increased revenues in Canada across all product lines, with particular strength in our QuickBooks and Quicken product lines. In Germany, we experienced strong sales due to new releases of our Quicken and QuickBooks products. Finally, while the overall market for small business products and services in Japan continued to experience poor economic conditions, our Japan revenues increased due to higher sales of our Yayoi and QuickBooks product lines, and more favorable currency exchange rates.

COST OF GOODS SOLD

<TABLE>
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	FISCAL 1998	% REVENUE	FISCAL 1999	% REVENUE	FISCAL 2000	% REVENUE	1998-1999 % CHANGE	1999-2000 % CHANGE
	(DOLLARS IN MILLIONS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
COST OF GOODS SOLD:								
Cost of products and services.....	\$135.7	19.7%	\$217.5	23.2%	\$282.4	25.8%	60.3%	29.8%
Amortization (incl. purchased software).....	2.9	0.4%	7.8	0.8%	8.8	0.8%	169.0%	12.8%
Totals:.....	\$138.6	20.1%	\$225.3	24.0%	\$291.2	26.6%	62.6%	29.2%

</TABLE>

There are two components of our cost of goods sold. The largest component is the direct cost of manufacturing and shipping products and offering services, which includes data center costs relating to delivering Internet-based products and services. The second component is the amortization of purchased software, which is the cost of depreciating products or services obtained through acquisitions over their useful lives.

Fiscal 2000 Compared to Fiscal 1999. For fiscal 2000, cost of goods sold increased to 25.8% of revenue, compared to 23.2% for fiscal 1999. This increase was primarily attributable to two factors. First, consistent with our growing Internet-based business, we are experiencing a significant increase in related hardware and infrastructure costs as we purchase equipment to increase our

Internet capability and capacity. These costs are classified as cost of goods sold and, as a percentage of revenue, are significantly higher than the cost of goods sold for our traditional desktop software businesses. These infrastructure costs tend to reflect the depreciation of capital assets which are generally expensed evenly over the estimated useful lives of the assets. As a result, cost of goods sold as a percentage of revenue may fluctuate significantly as costs become more fixed in nature. Second, our service businesses, such as our payroll services and QuickBooks Support Network, generally have higher cost of goods sold compared to our desktop software businesses. As service businesses contribute a higher proportion of total revenue, we anticipate that our cost of goods sold will continue to increase.

Fiscal 1999 Compared to Fiscal 1998. Fiscal 1999 cost of goods sold increased to 23.2% of revenue, compared to 19.7% in fiscal 1998. This increase was primarily attributable to Internet hardware and infrastructure costs, and expansion of our service businesses, which have a higher cost of goods sold. See Fiscal 2000 Compared to Fiscal 1999 above for additional explanation of these factors. During fiscal 1999, we improved the efficiency of our order-taking process in the financial supplies business, which reduced re-order expenses and partially offset the increase in cost of goods sold.

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OPERATING EXPENSES

<TABLE>
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2000	FISCAL	%	FISCAL	%	FISCAL	%	1998 - 1999	1999 -
-	1998	REVENUE	1999	REVENUE	2000	REVENUE	% CHANGE	% CHANGE
-	-----	-----	-----	-----	-----	-----	-----	-----
	(DOLLARS IN MILLIONS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING EXPENSES:								
Customer service and technical								
support.....	\$121.9	17.7%	\$135.2	14.4%	\$139.6	12.8%	10.9%	3.3%
Selling and marketing.....	196.1	28.4%	222.4	23.6%	264.4	24.2%	13.4%	18.9%
Research and development.....	108.6	15.8%	143.4	15.2%	169.1	15.5%	32.0%	17.9%
General and administrative.....	59.7	8.7%	84.7	9.0%	83.7	7.6%	41.9%	(1.2)%
Charge for purchased research and development.....	53.8	7.8%	0	0.0%	1.3	0.1%	n/a	n/a
Other acquisition costs.....	24.2	3.5%	92.9	9.9%	157.9	14.4%	283.9%	70.0%
Reorganization costs.....	2.0	0.3%	2.0	0.2%	3.5	0.3%	0.0%	75.0%
Totals:.....	\$566.3	82.2%	\$680.6	72.4%	\$819.5	74.9%	20.2%	20.4%

</TABLE>

Customer Service and Technical Support

Fiscal 2000 Compared to Fiscal 1999. Fiscal 2000 customer service and technical support expenses were 12.8% of revenue, compared to 14.4% in fiscal 1999. This improvement reflected our May 1999 acquisition of our Premier Payroll Service business from CRI, which experiences comparatively lower customer service and technical support expenses as a percentage of revenue. We have also benefited from our efforts to provide customer service and technical support less expensively through websites and other electronic means, and from the expansion of the QuickBooks Support Network and our other fee-for-support programs.

Fiscal 1999 Compared to Fiscal 1998. Fiscal 1999 customer service and technical support expenses decreased to 14.4% of revenue, compared to 17.7% in fiscal 1998. The improvement reflected the continuing benefit from cost reductions resulting from the restructuring and consolidation of our technical support facilities in the United States and Europe in fiscal 1997. In addition, certain costs that were categorized as customer service and technical support costs in fiscal 1998 were reflected in fiscal 1999 as cost of goods sold for our expanding fee for support programs.

Selling and Marketing

Fiscal 2000 Compared to Fiscal 1999. Selling and marketing expenses were approximately 24.2% of revenue in fiscal 2000, compared to 23.6% in fiscal 1999. Selling and marketing expenses increased for some of our small business products and services, and well as for our International Division. These increases were partially offset by decreases in selling and marketing expenses for our payroll business and QuickenLoans, which we reduced to allow more focus on process improvements for those businesses.

Fiscal 1999 Compared to Fiscal 1998. Fiscal 1999 selling and marketing expenses decreased to 23.6% of revenue, compared to 28.4% for fiscal 1998. However, fiscal 1998 selling and marketing expenses included an expense of \$16.2 million related to the AOL agreement that we entered into in February 1998. Excluding this expense, selling and marketing expenses would have been 26.5% of revenue for fiscal 1998. The fiscal 1999 decrease in these expenses (net of the \$16.2 million expense associated with the AOL agreement) as a percentage of

revenue was primarily due to our acquisition of Lacerte, which experiences comparatively lower selling and marketing expenses as a percentage of revenue. This decrease was partially offset by increased advertising and promotion expenses for our Quicken and QuickBooks products and the launch of the QuickBooks Deluxe Payroll Service in October 1998.

Research and Development

Fiscal 2000 Compared to Fiscal 1999. Research and development expenses were 15.5% of revenue for fiscal 2000, compared to 15.2% for fiscal 1999. During fiscal 2000, our primary research and development efforts were in the Small Business Division, with significant investments in the QuickBooks Internet Gateway, Site Solutions and

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the QuickBooks Deluxe payroll service. Fiscal 1999 research and development efforts were focused on our electronic tax offerings. During fiscal 2001, we expect to continue significant investments in research and development, particularly for our emerging Internet-based businesses.

Fiscal 1999 Compared to Fiscal 1998. Research and development expenses decreased to 15.2% of revenue in fiscal 1999 compared to 15.8% in fiscal 1998. This decrease was due in part to our acquisition of Lacerte, which experiences comparatively lower research and development expenses as a percentage of revenue. The positive impact of the Lacerte results was partially offset by increased development expenses for our first QuickBooks multi-user product, as well as several of our Internet based products and services.

General and Administrative

Fiscal 2000 Compared to Fiscal 1999. General and administrative expenses in fiscal 2000 were approximately 7.6% of revenue, compared to 9.0% for fiscal 1999. The improvement was primarily a result of two factors. First, since general and administrative expenses tend to be more fixed in nature than other operating expenses, we have been able to leverage our infrastructure to keep the growth in these expenses at a lower rate than our revenue growth. Second, fiscal 1999 expenses included a reserve for doubtful accounts of approximately \$3 million relating to a financially weak distributor.

Fiscal 1999 Compared to Fiscal 1998. General and administrative expenses were approximately 9.0% of revenue in fiscal 1999 compared to 8.7% in fiscal 1998, reflecting infrastructure investments and higher expenses related to Rock during fiscal 1999.

Charge for Purchased Research and Development

Fiscal 2000 Compared to Fiscal 1999. In fiscal 2000, we recorded charges of \$1.3 million for purchased research and development as a result of our Boston Light and Hutchison acquisitions. In connection with these acquisitions, and with the assistance of third-party appraisers, we determined the value of in-process projects under development for which technological feasibility had not been established. The total value of these projects at the time of the acquisitions was determined to be approximately \$1.3 million and was recorded as an expense in the first quarter of fiscal 2000. The value of the projects was determined by estimating the costs to develop the in-process technology into commercially feasible products, estimating the net cash flows we believed would result from the products and discounting these net cash flows back to their present value. The products related to these charges were completed during fiscal 2000. We did not incur any charge for purchased research and development in fiscal 1999.

Fiscal 1999 Compared to Fiscal 1998. In fiscal 1998, we recorded charges of \$53.8 million for purchased research and development relating in-process research and development for Lacerte, which we acquired in June 1998. We did not incur any charge for purchased research and development in fiscal 1999.

Other Acquisition Costs

Other acquisition costs include the amortization of goodwill and purchased intangible assets, as well as deferred compensation expenses arising from acquisitions.

Fiscal 2000 Compared to Fiscal 1999. Other acquisition costs increased to \$157.9 million in fiscal 2000, compared to \$92.9 million in fiscal 1999. The increase was attributable to the amortization of intangible assets associated with our acquisitions of CRI in May 1999, of Boston Light, SecureTax and Hutchison in August 1999, and of Turning Mill Software in November 1999. Amortization expense related to completed acquisitions will continue to have a negative impact on our operating results in future periods. Taking into account the acquisitions we had completed as of July 31, 2000, and assuming we do not experience any impairment of value of the intangible assets that would require us to accelerate amortization, amortization will be approximately \$148.1 million in fiscal 2001, \$142.8 million in fiscal 2002 and \$118.7 million in fiscal 2003. We completed the acquisition of

Venture Finance Software Corp. in August 2000, which will result in approximately \$111 million in additional amortization expense in future periods. See Note 20 of the financial statements. If we complete additional acquisitions or accelerate amortization in the future, there would be an incremental negative impact on our operating results. See "Risks That Could Affect Future Results."

Fiscal 1999 Compared to Fiscal 1998. Other acquisition costs increased to \$92.9 million in fiscal 1999, compared to \$24.2 million in fiscal 1998. The increase reflected additional amortization resulting from our acquisitions of Lacerte in June 1998 and CRI in May 1999.

Reorganization Costs

Fiscal 2000, Fiscal 1999 and Fiscal 1998. Reorganization costs reflect the costs associated with Rock closing numerous branch offices in Michigan as it began to transition its mortgage business from a traditional branch-based business to an online and call center-based business. These costs increased to \$3.5 million for fiscal 2000, compared to \$2.0 million in fiscal 1999 and fiscal 1998. See Notes 1 and 16 of the financial statements.

NON-OPERATING INCOME AND EXPENSES

Interest and Other Income and Expense, Net

Fiscal 2000 Compared to Fiscal 1999. In fiscal 2000, interest and other income and expense, net, increased to \$48.5 million, compared to \$18.3 million in fiscal 1999. The increase reflected increased cash and short-term investment balances resulting primarily from our sales of marketable securities, as well as increased interest rates. Interest earned on customer payroll deposits and mortgage loans held for resale, as well as interest expense on lines of credit used for our mortgage business are reported as, or offset against, revenue, as appropriate, and are not included in interest and other income.

Fiscal 1999 Compared to Fiscal 1998. In fiscal 1999, interest and other income and expense, net, increased to \$18.3 million, compared to \$12.4 million in fiscal 1998. This reflected increased cash and short-term investment balances, due in part to sales of marketable securities.

Gains from Marketable Securities and Other Investments, Net

Fiscal 2000, Fiscal 1999 and Fiscal 1998. During fiscal 2000, we recorded pre-tax net gains relating to marketable securities of \$481.1 million, compared to \$579.2 million in fiscal 1999. We did not have any net gains from marketable securities in fiscal 1998. Our fiscal 2000 net gains resulted primarily from dispositions of Checkfree, Signio (now VeriSign) and Homestore.com common stock. Our fiscal 1999 net gains resulted primarily from sales of Excite, Signio and Concentric common stock, and the gain from converting our Excite common stock to Excite@Home common stock in connection with At Home Corporation's acquisition of Excite. We consider our shares of Excite@Home, VeriSign and 724 Solutions common stock to be trading securities. See Note 1 of the financial statements. As a result, unrealized gains (or losses) due to market fluctuations in these securities are included in our net income on a quarterly basis. Recent volatility in the market has significantly reduced the value of our trading securities. Market fluctuations for trading securities that we continued to hold as of July 31, 2000 resulted in a net reduction in pre-tax income of approximately \$97.9 million in fiscal 2000 and approximately \$37 million in fiscal 1999. These amounts are included in the pre-tax net gains of \$481.1 million and \$579.2 million noted above. We expect this volatility to continue as long as we hold these securities. If the market value of these securities declines significantly in the future, it would have a negative impact on our earnings. See "Risks That Could Affect Future Results."

Gain on Divestiture

In fiscal 1998, we recorded a \$4.3 million gain on our August 1997 sale of Parsons Technology, Inc., a direct marketing consumer software subsidiary.

Income Taxes

Fiscal 2000, Fiscal 1999 and Fiscal 1998. For fiscal 2000, we recorded an income tax provision of \$207.2 million on a pretax income of \$512.7 million, resulting in an effective tax rate of approximately 40.4%. For fiscal 1999, we recorded an income tax provision of \$245.5 million on pretax income of \$632.0 million, resulting in an effective income tax rate of approximately 38.8%. This compares to an income tax benefit of \$5.1 million in fiscal 1998, on income of \$1.1 million.

As of July 31, 2000, we had net deferred tax assets of \$134.8 million, which included a valuation allowance of \$11.4 million against net operating loss carryforwards relating to our international subsidiaries. The allowance reflects

management's assessment that we may not receive the benefit of certain loss carryforwards of our international subsidiaries. While we believe our current valuation allowance is sufficient, it may be necessary to increase this amount if it becomes more likely than not that a greater portion of the net deferred tax assets will not be realized. We will assess the need for an adjustment to the valuation allowance on a quarterly basis. See Note 13 of the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2000, our cash and cash equivalents totaled \$416.9 million, a \$137.2 million decrease from July 31, 1999.

Our operations provided \$6.1 million in cash during fiscal 2000. Primary components of cash from operations were net income of \$305.7 million and net income adjustments made for non-cash expenses such as acquisition charges and depreciation. These were offset by net gains from the disposition of marketable securities such as Checkfree, Homestore.com, Excite@Home and Signio Inc., as the cash impact of these dispositions is reflected in investing activities rather than operating activities. See Note 1 of the financial statements. We also experienced a \$126.6 million decrease in deferred tax liabilities due primarily to cash payments made for taxes due from the sale of these securities. Increased deferred revenue of \$41.6 million also contributed to increased cash from operations, and was driven by agreements related to our Internet-based businesses entered into during the year under which we receive payments from third parties prior to the time that we can recognize them as revenue. This was partially offset by a reduction in acquisition-related liabilities due primarily to a \$25 million installment payment to former shareholders of CRI in connection with our acquisition of CRI in June 1999.

Investing activities used \$202.7 million in cash during fiscal 2000. The primary use of cash for investing was the net purchase of \$709.1 million of short-term investments, which was roughly offset by proceeds of \$681.4 million from the sale of marketable securities. We also purchased \$94.9 million in property and equipment as a result of our ongoing investment in information systems and infrastructure for our Internet-based businesses. Our acquisitions of SecureTax and Hutchison were also paid for with \$54.6 million in cash.

Financing activities provided \$59.3 million during fiscal 2000, which was primarily attributable to \$90.1 million in proceeds from the exercise of employee stock options. This was partially offset by a \$27.3 million decrease in the outstanding balance on our warehouse line of credit for our mortgage business, as we decided to use some of our cash position to significantly reduce the balance.

We currently hold investments in a number of publicly traded companies. See Note 1 of the financial statements. The volatility of the stock market and the potential risk of fluctuating stock prices may have an impact on the proceeds from future sales of these securities and therefore on our future liquidity. Due to our reporting of the Excite@Home, VeriSign and 724 Solutions shares as trading securities, future fluctuations in the carrying values of Excite@Home, VeriSign and 724 Solutions will impact our earnings. See Note 1 of the financial statements. If future declines in our other marketable securities are deemed to be permanent, they will also impact our earnings.

In connection with our acquisition of CRI (see Note 3 of the financial statements), we are required to pay two additional annual installments of \$25 million in each of the next two fiscal years. We also evaluate, on an ongoing

basis, the merits of acquiring technologies or businesses, or establishing strategic relationships with and investing in other companies. For example, we exercised our option to purchase VFSC (see Note 20 of the financial statements) and paid all of the exercise price of approximately \$119 million in cash in August 2000. In addition, in the normal course of business we enter into leases for new or expanded facilities in both domestic and international locations. We expect to use cash and cash equivalents to partially or fully fund these types activities in the future, which could have a negative impact on our liquidity in future periods.

We believe that our cash, cash equivalents and short-term investments will be sufficient to meet anticipated seasonal working capital and capital expenditure requirements for at least the next twelve months.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires us to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments.

Upon the date of adoption, August 1, 2000, the impact of applying SFAS 133 was immaterial.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, Revenue Recognition in Financial Statements ("SAB 101"), and amended it in March and June 2000. SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements for all public registrants. Changes in our revenue recognition policy, if any, resulting from the interpretation of SAB 101 would be reported as a change in accounting principle. We are currently reviewing the impact of SAB 101 on our previously reported results of operations and anticipate that we will adopt SAB 101 during the fourth quarter of fiscal 2001.

In March 2000, FASB issued FASB Interpretation 44, "Accounting for Certain Transactions Involving Stock Compensation," an interpretation of APB Opinion 25 ("FIN 44"). FIN 44 applies prospectively to new stock option awards, exchanges of awards in a business combination, modifications to outstanding awards, and changes in grantee status that occur on or after July 1, 2000. Although we are still in the process of analyzing the impact of FIN 44, if any, on our consolidated statements and related disclosures, we do not expect a material impact on our historically reported financial position or results of operations.

RISKS THAT COULD AFFECT FUTURE RESULTS

The factors discussed below are cautionary statements that identify important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements in this Form 10K.

COMPANY-WIDE FACTORS THAT COULD AFFECT FUTURE RESULTS

Our revenue and earnings are highly seasonal, which causes significant quarterly fluctuations in our revenue and net income. Several of our businesses are highly seasonal -- particularly our tax business, but also small business and consumer finance to a lesser extent. This causes significant quarterly fluctuations in our financial results. Revenue and earnings are usually strongest during the quarters ending January 31 and April 30. We experience lower revenues, and often significant operating losses, in the July 31 and October 31 quarters.

Acquisition-related charges and gains and losses related to marketable securities can cause significant fluctuation in our net income. Our recent acquisitions have resulted in significant expenses, including amortization of purchased software, goodwill and purchased intangibles, and charges for in-process research and development. Acquisition-related expenses were \$80.9 million in fiscal 1998, \$100.7 million in fiscal 1999 and \$168.1 million in fiscal 2000. Additional acquisitions (including our acquisition of Venture Finance Software Corp. in August 2000)

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and any premature impairment of the value of purchased assets, could have a significant negative impact on future operating results. Our investment activities also impact our net income. We recorded pre-tax gains and losses from marketable securities and other investments of \$579.2 million in fiscal 1999 and \$481.1 in fiscal 2000. These amounts reflect net realized gains on sales of certain marketable securities during fiscal 1999 and 2000, as well as unrealized quarter-to-quarter gains and losses due to price fluctuations in securities that we account for as "trading securities." Fiscal 2000 decreases in the market prices of our trading securities resulted in a significant reduction in our pre-tax income, and future price fluctuations in trading securities, and any significant long-term declines in value of other securities, could reduce our net income in future periods.

If we do not continue to successfully develop new products and services in a timely manner, our future financial results would suffer. The development of products and services is a complex process involving several risks. Hiring and retaining highly qualified technical employees is critical to the success of our development efforts, and we face intense competition for these employees. Launches of products and services can be delayed for a variety of reasons. Products and services may also have "bugs" that hinder performance, give customers incorrect results and/or damage customer data. These problems can be expensive to fix and can also result in higher technical support costs and lost customers.

We face intense competition for qualified employees, especially for our Internet-based businesses. Like many of our competitors, we have had difficulties during the past few years in hiring and retaining employees, and we expect to face continuing challenges in recruiting and retention.

Despite our efforts to adequately staff and equip our customer service and technical support operations, we cannot always respond promptly to customer requests for assistance. We occasionally experience customer service and support problems, including longer than expected "hold" times when our staffing is inadequate to handle higher than anticipated call volume, and a large number of inquiries from customers checking on the status of product orders when shipments

are delayed. This can adversely affect customer relationships and our financial performance. For example, during fiscal 2000, some small business customers (particularly QuickBooks Support Network and payroll services customers) experienced inconsistent service levels and delays that led to some negative press attention. In order to improve our customer service and technical support, we must continue to focus on eliminating underlying causes of service and support calls (through product improvements and better order fulfillment processes), and on more accurately anticipating demand for customer service and technical support.

We face risks relating to customer privacy and security and increasing regulation, which could hinder the growth of our businesses -- particularly our Internet-based businesses. Despite our efforts to address customer concerns about privacy and security, these issues still pose a significant risk, and we have experienced lawsuits and negative publicity relating to privacy issues. For example, during fiscal 2000, there have been articles criticizing our privacy practices as they relate to the connectivity of our desktop software to our web sites. We have faced lawsuits and negative press alleging that we improperly shared information about customers with third party "ad servers" for our web sites. A major breach of customer privacy or security by Intuit, or even by another company, could have serious consequences for our businesses -- particularly our Internet businesses -- including reduced customer interest and/or additional regulation by federal or state agencies. In addition, mandatory privacy and security standards and protocols are still being developed by government agencies, and we may incur significant expenses to comply with any requirements that are ultimately adopted. For example, under the Gramm Leach Bliley Act recently adopted by the federal government, by July 1, 2001 Intuit will be required to provide written notice of its privacy practices to all customers. We must give customers an opportunity to state their preferences regarding Intuit's use of their non-public personal information, and we must honor those preferences. If Internet use does not grow as a result of privacy or security concerns, increasing regulation or for other reasons, the growth of our Internet-based businesses would be hindered.

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We face increasing challenges in maintaining adequate access to retail distribution channels. During the past several years, consolidation among retailers caused a number of large retailers and mass merchandisers to hold significant bargaining power. This has made it challenging for us to negotiate financially favorable terms with retailers. Any termination or significant disruption of our relationship with any of our major distributors or retailers, or a significant unanticipated reduction in sales volume attributable to any of our principal resellers, could result in a significant decline in our net revenue. Also, any financial difficulties of our retailers or distributors could have an adverse effect on our operating expenses if uncollectable amounts from them exceed the bad debt reserves we have established.

We rely on a single third party vendor to handle all outsourced aspects of our primary retail desktop software product launches. While we believe that using a single outsourcer for our primary retail product launches improves the efficiency and reliability of our product launches, reliance on one vendor can have severe negative consequences if the vendor fails to perform for any reason.

Actual product returns may exceed return reserves. We generally ship significantly more desktop products to our distributors and retailers than we expect them to sell, in order to reduce the risk that distributors or retailers will run out of products. This is particularly true for our tax products, which have a short selling season. Like most software companies, we have a liberal product return policy and we have historically accepted significant product returns. We establish reserves for product returns in our financial statements, based on estimated future returns of products. We closely monitor levels of product sales and inventory in the retail channel in an effort to maintain reserves that are adequate to cover expected returns. In the past, returns have not generally exceeded these reserves. However, if we do experience actual returns that significantly exceed reserves, it would result in lower revenue.

Our recent acquisitions have resulted in business integration challenges. Our recent acquisitions have expanded our product and service offerings, personnel and geographic locations. Integrating and organizing acquired businesses creates challenges for our operational, financial and management information systems. If we do not adequately address issues presented by growth through acquisitions, we may not fully realize the intended benefits (including financial benefits) of these acquisitions.

We face existing and potential government regulation in many of our businesses, which can increase our costs and hinder the growth of our businesses. Our Internet-based products and services are available in many states and foreign countries. As a result, we may be subject to regulation and/or taxation in many additional jurisdictions, which could substantially slow commercial use of the Internet and growth of our Internet-based businesses. We offer several regulated products and services through separate subsidiary corporations. Establishing and maintaining regulated subsidiaries requires significant financial, legal and management resources. If the subsidiaries fail to comply with applicable regulations, they could face liability to customers

and/or penalties and sanctions by government regulators.

Legal protection for our intellectual property is not always effective to prevent unauthorized use. We rely on a combination of copyright, patent, trademark and trade secret laws, and employee and third-party nondisclosure and license agreements, to protect our software products and other proprietary technology. We do not have significant copy-protection mechanisms in our software because we do not believe they are practical or effective at this time. Current U.S. laws that prohibit copying give us only limited practical protection from software "pirates," and the laws of many other countries provide very little protection. Policing unauthorized use of our products is difficult, expensive and time-consuming and we expect that software piracy will be a persistent problem for our desktop software products. In addition, the unique technology of the Internet may tend to increase, and provide new methods for, illegal copying of the technology used in our desktop and Internet-based products and services.

We do not own all of the software and other technologies used in our products and service. We have the licenses from third parties that we believe are necessary for using technology that we do not own in our current products and services. It may be necessary to renegotiate with these third parties for inclusion of their technology in any new versions of our current products or in new products. Third party licenses may not be available on

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reasonable terms, or at all. Other parties occasionally claim that features or content of our products, or our use of trademarks, may infringe their propriety rights. Past claims have not resulted in any significant litigation, settlement or licensing expenses, but future claims could. Third parties may assert infringement claims against us in the future, and claims could result in costly litigation, require us to redesign one or more of our products or services, or require us to obtain a license to intellectual property rights of third parties or perhaps to cease marketing affected products and services. Third party licenses may not be available on reasonable terms, or at all.

The stock market has experienced price volatility that has particularly affected technology companies. These market fluctuations have adversely affected our stock price in the past and may do so in the future. Some of the volatility has resulted from factors such as the seasonality and quarterly fluctuations in our revenue and operating results, announcements of technical innovations, acquisitions or strategic relationships by Intuit or its competitors, changes in earnings estimates by analysts and changes in market conditions in the computer hardware and software industries. However, volatility may also be unrelated to our operating performance or the business environment in which we operate.

FACTORS RELATING TO COMPETITION

We face competitive pressures in all of our businesses, which can have a negative impact on our revenue, profitability and market position. In all our businesses, we face continual risks that competitors will introduce better products and services, reduce prices, gain better access to distribution channels, increase advertising (including advertising targeted at Intuit customers), and release new products and services before we do. Any of these competitive actions (particularly any prolonged price competition) could result in lower net revenue and/or lower profitability for Intuit. They could also affect our ability to keep existing customers and acquire new customers, which is particularly important for our Internet-based products and services.

In the small business area, we face a wide range of competitive risks that could impact our financial results. For example, in online payroll, the competitive landscape is changing quickly and we could lose some competitive advantage if other companies begin offering online payroll services that integrate with desktop and/or web-based accounting software. As another example, our financial supplies business continues to experience pricing pressures from many of our competitors. While we have been able to offset some of the impact of price competition by improving operational efficiencies and customer service, ongoing price pressures could result in lower revenue and profitability for our supplies business.

Intense competition in the consumer tax preparation software business has caused us to reduce prices, which has impacted our revenue, profitability and competitive position. During the recent tax season we reduced prices for our Quicken TurboTax product line in response to aggressive pricing by H&R Block and Microsoft. This resulted in significantly lower average selling prices. Although Microsoft ultimately withdrew from the desktop consumer tax preparation software segment this season, they may offer competitive products and services, either directly or indirectly, on the desktop and/or via the web, in future tax seasons. In addition, there are other formidable current and potential competitors in the private sector, and we also face potential competition from publicly-funded government entities seeking to competitively enter private markets in the United States for consumer electronic financial services. Accordingly, we expect competition to remain intense during fiscal 2001.

Our consumer finance products face aggressive competition that could limit future growth. Our Quicken products compete directly with Microsoft Money, which

is aggressively promoted and priced. We expect competitive pressures for Quicken to continue, both from Microsoft Money, and from web-based personal finance tracking and management tools that are becoming increasingly available at no cost to consumers. These pressures could ultimately result in a decline in revenue and profitability for our Quicken product line. There are many competitors for our Internet-based consumer finance products and services. The number of competitors has increased in recent years as more companies expand their businesses onto the Internet. However, we expect that the general downturn

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in Internet and technology stocks since March 2000 will result in significant consolidation, with fewer, but more financially sound, competitors surviving. This could make it more difficult for us to compete effectively.

Products and services offered to consumers by government agencies may increasingly overlap with products and services offered by Intuit and others in the private sector, and could have a significant negative impact on our future financial results. Government agencies are increasingly using public funds to offer commercial products and services to consumers that are duplicative of those provided by private sector companies, including Intuit. For example, some federal and state tax agencies have begun to expand their mission by offering individual taxpayers electronic tax preparation and filing services similar to those currently offered by Intuit and others at a low cost. In addition, a growing number of firms are providing web-based tax filing services at no cost to lower income taxpayers through "Digital Divide" public service initiatives, such as Intuit's Quicken Tax Freedom Project, offering additional competition. Another example of the trend for government agencies to provide private sector products and services is the U.S. Postal Service's offering of electronic bill payment services to consumers. Although some governmental agencies have begun taking steps to reverse this trend by abandoning previous plans to provide electronic commerce products and services, future administrative, regulatory or legislative activity in this area could adversely impact Intuit and other companies that provide software and electronic financial services. Intuit is actively working with others in the private sector, as well as with federal and state government officials, to help clarify the appropriate role for government agencies in the electronic commerce marketplace.

FACTORS AFFECTING OUR INTERNET-BASED BUSINESSES GENERALLY

If we do not continue to successfully refine and update the business models for our Internet -- based products and services, and operationally support these businesses, the businesses will not achieve sustainable financial viability or broad customer acceptance. Our Internet-based business models have more complex and varied revenue streams than our traditional desktop software businesses. For these businesses to become and remain economically viable, we must continually refine their revenue models to reflect the evolving economics of Internet commerce. These businesses also depend on a different operational infrastructure than our desktop software businesses, and we must continually develop, expand and modify internal systems and procedures to support these businesses. In particular, our web-based tax preparation and electronic filing services must continue to effectively handle extremely heavy customer demand during the peak tax season. If we are unable to meet customer expectations in a cost-effective manner, it could result in lost customers, negative publicity, and increased operating costs, which could have a significant negative impact on the financial and market success of these businesses.

The market pressure to launch Internet-based products and services quickly may lead to lower product quality. The development process for Internet-based products is more rapid, less predictable, and shorter than for our desktop products. Getting Internet-based products and services launched quickly is crucial to competitive success, but this time pressure may result in lower product quality, dissatisfied customers and negative publicity, as well as additional expenses to fix bugs.

SPECIFIC FACTORS AFFECTING OUR SMALL BUSINESS DIVISION

If we cannot fully and successfully implement all announced QuickBooks Internet Gateway Services in a timely fashion, we may be unable to sustain these services as a successful business. Development of some of the announced QuickBooks Internet Gateway services has not yet been completed. Intuit and the third-party service providers of these services could face technological difficulties, financial difficulties and other problems that could delay or prevent implementation of the QuickBooks Internet Gateway Services, which in turn could delay or prevent us from recognizing contractually committed revenues to the extent that recognition of such revenue depends on implementation with the customer.

If our recently introduced QuickBooks Internet Gateway services do not achieve and maintain acceptance by customers and the third-party vendors who provide these services, they will not generate long-term revenue

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growth or profitability. We must meet customer and vendor expectations in

delivering our QuickBooks Internet Gateway services. If we do not meet these expectations, we may not be able to maintain the third party vendor relationships that are necessary to allow us to provide services desired by customers. If we fail to meet expectations and maintain these relationships, our ability to expand our QuickBooks Internet Gateway services will be jeopardized. To retain these relationships, we may be required to adapt them in ways that are less attractive to us, financially or otherwise. In addition, QuickBooks Internet Gateway Services are currently available only to customers using QuickBooks 2000. Customer upgrade rates to QuickBooks 2000 have been lower than historical upgrade levels, which has impacted the growth of the potential customer base for these services.

In order to expand our customer base in the payroll services business, we must continue to improve the efficiency and effectiveness of our payroll processing operations and streamline customer activations for our Deluxe online payroll processing service. The payroll processing business involves a number of business risks if we make errors in providing accurate and timely payroll information, cash deposits or tax return filings, including our incurring liability to customers, additional expense to correct product errors and loss of customers. For our Internet-based services (the Deluxe service, as well as the online Basic service), we must improve our operations to give customers more reliable connectivity to our data center to transmit and receive payroll data and tax tables. In order to expand the customer base for our Deluxe payroll service, we must continue to focus on streamlining the service activation process for new customers.

Our financial supplies business relies on a single vendor to print all check and other imprinted products. The products provided by this vendor accounted for about 75% of our supplies revenue in fiscal 1999 and 2000. If there are any problems with the vendor's performance, it could have a material negative impact on sales of supplies and on Intuit as a whole.

SPECIFIC FACTORS AFFECTING OUR TAX DIVISION

Intense competition in the consumer tax preparation software business has caused us to reduce prices, which has impacted our revenue, profitability and competitive position. During the recent tax season we reduced prices for our Quicken TurboTax product line in response to aggressive pricing by H&R Block and Microsoft. This resulted in significantly lower average selling prices. Although Microsoft ultimately withdrew from the desktop consumer tax preparation software segment this season, they may offer competitive products and services, either directly or indirectly, on the desktop and/or via the web, in future tax seasons. In addition, there are other formidable current and potential competitors in the private sector, and we also face potential competition from publicly-funded government entities seeking to competitively enter private markets in the United States for consumer electronic financial services. Accordingly, we expect competition to remain intense during fiscal 2001.

Significant problems or delays in the development of our tax products would result in lost revenue and customers. The development of tax preparation software presents a unique challenge because of the demanding annual development cycle required to incorporate unpredictable tax law changes each year. The rigid development timetable increases the risk of errors in the products and the risk of launch delays. Any major defects could lead to negative publicity, customer dissatisfaction and incremental operating expenses -- including expenses resulting from our commitment to reimburse penalties and interest paid by consumer customers due solely to calculation errors in our products. A late product launch could cause our current and prospective customers to choose a competitor's product for that year's tax season. This would result in lost revenue in the current year and would make it more difficult for us to sell our products to those customers in future tax seasons.

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SPECIFIC FACTORS AFFECTING OUR CONSUMER FINANCE DIVISION

The long-term viability of Quicken.com and our other Internet-based personal finance services will depend on our ability to increase our customer base as quickly as possible, get greater participation by financial institutions, and expand the depth and breadth of our offerings in order to differentiate ourselves from other Internet-based personal finance service providers. Growth in customers and traffic is crucial for our Quicken.com site and its ability to generate advertising revenue, but traffic can vary significantly from month to month due to seasonal trends, site performance, performance of the major stock market indices and other factors. Monthly Quicken.com page views have varied dramatically over the past year, from approximately 150 million in July 1999, to a peak of over 300 million in March 2000, back down to slightly under 200 million in July 2000. Continued expansion and customer use of Quicken.com and our other personal finance websites will require us to improve site performance, and the scalability and reliability of the underlying technology, to reduce the length and frequency of service interruptions. It will also require us to establish and maintain relationships with key Internet portals, distributors and content providers, and our distribution relationships require us to make significant financial commitments to these companies. For example, our agreement with Excite@Home currently calls for us to share certain revenue generated from

Cash Equivalents.....	\$412,655	--	--	--	--	\$ 412,655	\$ 412,597
Average Interest Rate.....	5.36%					5.36%	
Investments.....	\$182,801	\$157,309	\$13,039	\$3,872	\$693,199	\$1,050,220	\$1,050,397
Average Interest Rate.....	4.97%	5.14%	4.42%	4.36%	4.40%	4.61%	
Total Portfolio.....	\$595,456	\$157,309	\$13,039	\$3,872	\$693,199	\$1,462,875	\$1,462,994
Average Interest Rate.....	5.24%	5.14%	4.42%	4.36%	4.40%	4.82%	

MARKETABLE SECURITIES

We carried significant balances in marketable equity securities as of July 31, 2000. These securities are subject to considerable market risk due to their volatility. Fluctuations in the carrying value of our shares of Excite@Home, VeriSign and 724 Solutions will have an immediate impact on our earnings because we report these shares as trading securities. See Note 1 of the financial statement notes for more information regarding risks related to our investments in marketable securities and the impact of our trading securities on our reported net income.

INTEREST RATE RISK

Interest rate risk represents a component of market risk to us and represents the possibility that changes in interest rates will cause unfavorable changes in our net income and in the value of our interest rate sensitive assets, liabilities and commitments, particularly those that relate to our mortgage business. In a higher interest rate environment, borrower demand for mortgage loans declines, adversely affecting our mortgage loan business. Interest rate movements also affect the interest income earned on loans we hold for sale in the secondary market, interest expense on our lines of credit, the value of our mortgage loans and ultimately the gain or loss on the sale of those mortgage loans. In addition, interest rate movements affect the interest income earned on investments we hold in our short-term investment portfolio and the value of those investments.

As part of our risk management programs, we enter into financial agreements and purchase financial instruments in the normal course of business to manage our exposure to interest rate risk with respect to our conventional loans and our government-insured loans (together, "Prime Loans"), but not with respect to our sub-prime loans or home equity lines of credit. We use these financial agreements and financial instruments for the explicit

purpose of managing interest rate risks to protect the value of our mortgage loan portfolio, and not for trading purposes.

We actively monitor and manage our exposure to interest rate risk on Prime Loans, which is incurred in the normal course of business. The committed and closed pipelines of Prime Loans, as well as the related forward commitments and derivatives, are valued daily. We refer to the loans, pipeline, commitments and derivatives together as the "Hedge Position." We evaluate the Hedge Position against a spectrum of interest rate scenarios to determine expected net changes in the fair values of the Hedge Position in relation to the changes in interest rates. We evaluate our interest rate risk exposure daily using models that estimate changes in the fair value of the Hedge Position and compare those changes against the fair value of the underlying assets and commitments.

The following table shows the maturity of our mortgage loans and home equity lines of credit:

PRINCIPAL AMOUNTS BY EXPECTED MATURITY:

	EXPECTED MATURITY DATE(1) PERIOD ENDING JULY 31,					TOTAL	FAIR VALUE JULY 31, 2000
	2000	2001	2002	2003	2004		
	(IN THOUSANDS, EXCEPT INTEREST RATES)						
ASSETS:							
Mortgage Loans.....	\$60,330	--	--	--	--	\$60,330	\$62,247
Average Interest Rate.....	10.05%					10.05%	
LIABILITIES:							
Lines of Credit.....	\$ 2,580	--	--	--	--	\$ 2,580	\$ 2,600
Average Interest Rate.....	7.42%					7.42%	

(1) In the ordinary course of our mortgage business, expected maturity is based on the assumption that loans will be re-sold in the indicated period.

Based on the carrying values of our mortgage loans and lines of credit that we held at July 31, 2000, we do not believe that short-term changes in interest

rates will have a material effect on the interest income we earn on loans held for sale in the secondary market, interest expense on our lines of credit or the value of mortgage loans. See Notes 1 and 5 of the financial statement notes for more information regarding risks related to our mortgage loans and lines of credit.

IMPACT OF FOREIGN CURRENCY RATE CHANGES

The currencies of our subsidiaries have remained essentially stable since the end of our 1999 fiscal year, except for the Japanese yen, which strengthened during fiscal 2000. Because we translate foreign currencies into U.S. dollars for reporting purposes, currency fluctuations can have an impact, though generally immaterial, on our results. We believe that our exposure to currency exchange fluctuation risk is insignificant primarily because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. For fiscal 2000, there was an immaterial currency exchange impact from our intercompany transactions. Currency exchange risk is also minimized since foreign debt is due almost exclusively in local foreign currencies. As of July 31, 2000, we did not engage in foreign currency hedging activities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA INTUIT INC.

1. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

<TABLE> <CAPTION>	PAGE ----
<S>	<C>
Report of Ernst & Young LLP, independent auditors.....	42
Report of KPMG LLP, independent auditors.....	43
Consolidated Balance Sheets as of July 31, 1999 and 2000...	44
Consolidated Statements of Operations for the three years ended July 31, 2000.....	45
Consolidated Statements of Stockholders' Equity for the three years ended July 31, 2000.....	46
Consolidated Statements of Cash Flows for the three years ended July 31, 2000.....	47
Notes to Consolidated Financial Statements.....	48

2. INDEX TO FINANCIAL STATEMENT SCHEDULES

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

<TABLE> <CAPTION>	PAGE ----
SCHEDULE -----	
<C>	<S>
II Valuation and Qualifying Accounts.....	73

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Intuit Inc.

We have audited the accompanying consolidated balance sheets of Intuit Inc. as of July 31, 1999 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the 1998 financial statements of Rock Financial Corporation, a wholly owned subsidiary, which statements reflect total revenues constituting \$89,762,000 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for Rock Financial Corporation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant

estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and, for 1998, the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intuit Inc. at July 31, 1999 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Palo Alto, California
August 22, 2000

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INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors of
Rock Financial Corporation:

We have audited the statements of income, stockholders' equity, and cash flows of Rock Financial Corporation (the "Corporation") for the year ended December 31, 1998. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the Corporation's operations and its cash flows for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, the Corporation changed its method of accounting for software developed for internal use to adopt the provisions of the American Institute of Certified Public Accountants' Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" in 1998.

KPMG LLP

Detroit, Michigan
January 28, 1999

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INTUIT INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	-----	-----
	(IN THOUSANDS, EXCEPT PAR VALUE)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$ 554,230	\$ 416,953
Short-term investments.....	305,125	1,050,220
Marketable securities.....	431,319	225,878
Customer deposits.....	145,836	181,678
Accounts receivable, net of allowance for doubtful accounts of \$12,420 and \$9,018, respectively.....	63,677	67,420
Mortgage loans.....	84,983	60,330
Deferred income taxes.....	64,925	95,777
Prepaid expenses and other current assets (1).....	71,361	30,538
	-----	-----
Total current assets.....	1,721,456	2,128,794

Property and equipment, net.....	119,220	167,707
Goodwill, net.....	383,102	358,890
Purchased intangibles, net.....	98,049	79,988
Long-term deferred income taxes.....	64,575	92,985
Investments.....	45,704	31,160
Restricted investments.....	36,028	--
Loans due from affiliates.....	1,429	6,464
Other assets.....	7,897	12,914
	-----	-----
Total assets.....	\$2,477,460	\$2,878,902
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit.....	\$ 29,896	\$ 2,580
Accounts payable.....	66,436	79,145
Accrued compensation and related liabilities.....	39,996	49,303
Payroll tax obligations.....	131,148	177,002
Escrow liabilities.....	14,857	5,899
Drafts payable.....	49,169	23,598
Deferred revenue.....	65,994	107,578
Income taxes payable.....	143,181	110,743
Short-term note payable.....	--	34,286
Deferred income taxes.....	136,694	53,934
Other accrued liabilities.....	201,872	162,769
	-----	-----
Total current liabilities.....	879,243	806,837
Long-term obligations.....	36,614	538
Minority interest.....	215	238
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value		
Authorized -- 1,345 shares total; 145 shares designated		
Series A; 250 shares designated Series B Junior		
Participating		
Issued and outstanding -- none.....	--	--
Common stock, \$0.01 par value		
Authorized -- 750,000 shares		
Issued and outstanding -- 196,349 and 204,300 shares,		
respectively.....	1,963	2,043
Additional paid-in capital.....	1,265,114	1,519,516
Deferred compensation.....	--	(26,522)
Accumulated other comprehensive income, net of taxes of		
\$66,300 and \$15,373, respectively.....	79,144	55,586
Retained earnings.....	215,167	520,666
	-----	-----
Total stockholders' equity.....	1,561,388	2,071,289
	-----	-----
Total liabilities and stockholders' equity.....	\$2,477,460	\$2,878,902
	=====	=====

</TABLE>

(1) Includes \$6.7 million and \$7.2 million notes receivable from Venture Finance Software Corp. as of July 31, 1999 and 2000, respectively, see Note 20 of the financial statements.

See accompanying notes.

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INTUIT INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	-----	-----	-----
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
<S>	<C>	<C>	<C>
Net revenue.....	\$689,282	\$940,435	\$1,093,825
Costs and expenses:			
Cost of goods sold:			
Product and service.....	135,656	217,463	282,385
Amortization of purchased software and other.....	2,905	7,775	8,798
Customer service and technical support.....	121,947	135,172	139,550
Selling and marketing.....	196,127	222,450	264,367
Research and development.....	108,604	143,437	169,083
General and administrative.....	59,698	84,655	83,745
Charge for purchased research and development.....	53,800	--	1,312
Other acquisition costs, including amortization of			
goodwill and purchased intangibles.....	24,204	92,917	153,929
Acquisition related deferred compensation.....	--	--	4,019
Reorganization costs.....	2,000	2,000	3,500

Total costs and expenses.....	704,941	905,869	1,110,688
Income (loss) from operations.....	(15,659)	34,566	(16,863)
Interest and other income and expense, net.....	12,438	18,252	48,443
Gains on marketable securities and other investments, net...	--	579,211	481,130
Gain on disposal of business.....	4,321	--	--
Income before income taxes and minority interests.....	1,100	632,029	512,710
Provision (benefit) for income taxes.....	(5,082)	245,550	207,184
Income before minority interests.....	6,182	386,479	305,526
Minority interest.....	--	(85)	(135)
Net income.....	\$ 6,182	\$386,564	\$ 305,661
Basic net income per share.....	\$ 0.04	\$ 2.02	\$ 1.52
Shares used in basic net income per share amounts.....	157,147	190,927	200,770
Diluted net income per share.....	\$ 0.04	\$ 1.93	\$ 1.45
Shares used in diluted net income per share amounts.....	163,891	199,816	211,271

</TABLE>

See accompanying notes.
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INTUIT INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

TOTAL STOCKHOLDERS' EQUITY	COMMON STOCK		ADDITIONAL	OTHER		RETAINED
	SHARES	AMOUNT	PAID-IN CAPITAL	DEFERRED COMPENSATION	COMPREHENSIVE INCOME	EARNINGS (DEFICIT)
(DOLLARS IN THOUSANDS)						
Balance at August 1, 1997 as reported.....	140,826,324	1,408	557,452	--	19,432	(163,231)
Adjustment due to pooling of interests.....	5,811,429	58	1,767	--	--	13,693
Balance at August 1, 1997.....	146,637,753	1,466	559,219	--	19,432	(149,538)
Comprehensive income (loss):						
Unrealized gains on marketable securities.....					160,403	
Foreign currency translation adjustments.....					2,767	
Total comprehensive income, net of tax.....					163,170	
Issuance of common stock upon exercise of options and other....	7,003,001	70	42,774	--	--	--
Issuance of common stock pursuant to Employee Stock Purchase Plan...	443,928	4	3,755	--	--	--
Issuance of common stock pursuant to public offering.....	32,029,122	321	486,774	--	--	--
Distribution to S corporation shareholders in connection with conversion to C corp.....	--	--	(6,755)	--	--	(12,029)
Repurchase of common shares.....	(141,479)	(1)	(1,307)	--	--	--
Stockholder distributions.....	--	--	--	--	--	(7,188)
Tax benefit from employee stock option transactions.....	--	--	21,594	--	--	--
Net income.....	--	--	--	--	--	6,183

6,183							

Balance at July 31, 1998.....	185,972,325	1,860	1,106,054	--	182,602	(162,572)	
1,127,944							
Comprehensive income (loss):							
Unrealized (losses) on marketable securities.....					(99,450)		
Foreign currency translation adjustments.....					(4,008)		

Total comprehensive loss, net of tax.....					(103,458)		
(103,458)							
Issuance of common stock upon exercise of options and other....	9,113,204	91	71,796	--	--	--	
71,887							
Issuance of common stock pursuant to Employee Stock Purchase Plan...	396,546	4	6,323	--	--	--	
6,327							
Issuance of common stock pursuant to acquisition.....	866,449	8	22,791	--	--	--	
22,799							
Stockholder distributions.....	--	--	--	--	--	(1,049)	
(1,049)							
Tax benefit from employee stock option transactions.....	--	--	58,150	--	--	--	
58,150							
Adjustment due to acquisitions accounted for as a pooling of interests.....	--	--	--	--	--	(7,776)	
(7,776)							
Net income.....	--	--	--	--	--	386,564	
386,564							

Balance at July 31, 1999.....	196,348,524	1,963	1,265,114	--	79,144	215,167	
1,561,388							
Comprehensive income (loss):							
Unrealized losses on marketable securities.....					(23,060)		
Foreign currency translation adjustments.....					(498)		

Total comprehensive loss, net of tax.....					(23,558)		
(23,558)							
Issuance of common stock upon exercise of options and other....	6,651,953	67	80,296	--	--	--	
80,363							
Issuance of restricted common stock.....	225,000	2	15,202	(15,202)	--	--	
2							
Issuance of common stock pursuant to Employee Stock Purchase Plan...	355,281	4	9,771	--	--	--	
9,775							
Issuance of common stock pursuant to acquisitions.....	719,197	7	55,618	(16,605)	--	--	
39,020							
Tax benefit from employee stock option transactions.....	--	--	93,515	--	--	--	
93,515							
Amortization of deferred compensation.....	--	--	--	5,285	--	--	
5,285							
Stockholder distributions.....	--	--	--	--	--	(162)	
(162)							
Net income.....	--	--	--	--	--	305,661	
305,661							

Balance at July 31, 2000.....	204,299,955	\$2,043	\$1,519,516	(\$26,522)	\$ 55,586	\$ 520,666	
\$2,071,289							
=====							

</TABLE>

See accompanying notes.
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INTUIT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income.....	\$ 6,182	\$386,564	\$ 305,661
Adjustment to retained earnings due to acquisitions accounted for as a pooling of interests.....		(7,776)	
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of business, net of tax.....	(1,621)	--	--
Net gain from marketable securities and investments....	--	(579,211)	(481,130)
Gain on sale of facility.....	(1,404)	--	--
Minority interest.....	--	(85)	(135)
Charge for purchased research and development.....	53,800	--	1,312
Amortization of acquisition related costs.....	24,330	100,692	166,746
Depreciation.....	31,246	41,971	46,458
Provision for credit losses.....	568	684	--
Deferred income tax benefit.....	(36,485)	(14,742)	(140,368)
Tax benefit from employee stock options.....	21,594	58,150	93,515
Changes in operating assets and liabilities:			
Accounts receivable.....	(17,026)	(3,011)	(3,643)
Prepaid and other current assets.....	(14,815)	(33,825)	32,453
Drafts payable.....	22,146	5,148	(25,571)
Escrow liabilities.....	--	(34)	(8,958)
Accounts payable.....	10,008	16,253	12,655
Accrued compensation and related liabilities.....	1,403	12,861	9,142
Deferred revenue.....	6,320	7,434	41,584
Other accrued liabilities.....	18,083	11,698	(49,722)
Mortgage loans.....	(37,856)	73,373	24,653
Income taxes payable.....	(8,508)	72,567	(18,588)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	77,965	148,711	6,064
Cash flows from investing activities:			
Proceeds from sale of fixed assets and real estate owned....	9,170	--	--
Purchase of property and equipment.....	(39,948)	(81,308)	(94,944)
Sale of marketable securities.....	--	531,426	681,388
Purchase of marketable securities.....	(93)	(50,050)	(18,800)
Liquidation and maturity of short-term investments.....	213,176	278,636	1,346,993
Purchase of short-term investments.....	(293,306)	(346,574)	(2,056,060)
Acquisitions and dispositions, net of cash acquired.....	(350,288)	(117,608)	(41,987)
Increase in other assets.....	(1,276)	(6,977)	(17,614)
Stockholder repayments.....	665	994	--
Purchase of long-term investments, net.....	(17,009)	(28,164)	(1,656)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES...	(478,909)	180,375	(202,680)
Cash flows from financing activities:			
Net borrowings under warehouse line of credit.....	18,714	(68,112)	(27,316)
Net payments under reverse repurchase agreement.....	(6,640)	(11,521)	--
Principal payments on long-term debt.....	(6,580)	(21)	(3,323)
Stockholder distributions.....	(25,974)	(1,464)	(162)
Net proceeds from issuance of common stock, net of purchases.....	532,358	136,397	90,140
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	511,878	55,279	59,339
Net increase (decrease) in cash and cash equivalents.....	110,934	384,365	(137,277)
Cash and cash equivalents at beginning of period.....	58,931	169,865	554,230
Cash and cash equivalents at end of period.....	\$ 169,865	\$554,230	\$ 416,953
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid.....	\$ 7,486	\$ 2,650	\$ 2,554
Income taxes paid.....	\$ 6,054	\$ 66,005	\$ 270,271

</TABLE>

See accompanying notes.
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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Intuit Inc. develops, sells and supports small business accounting and

management, tax preparation and consumer finance desktop software products, financial supplies (such as computer checks, envelopes and invoices), and Internet-based products and services for individuals and small businesses. Our products and services are designed to automate commonly performed financial tasks and to simplify the way individuals and small businesses manage their finances and businesses. We sell our products and services throughout North America and in many international markets. Sales are made primarily through retail and OEM distribution channels, traditional direct sales to customers and via the Internet.

Basis of Presentation

The consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain other previously reported amounts have been reclassified to conform to the current presentation format.

As discussed in Note 3, in December, 1999, we acquired all of the outstanding stock of Rock Financial Corporation, a provider of consumer mortgages, based in Michigan and Title Source Inc. ("Title Source"), a title insurance and escrow company affiliated with Rock, in exchange for the issuance of common shares of Intuit stock. Rock subsequently changed its name to Quicken Loans Inc. These acquisitions have been accounted for as poolings of interests in accordance with Accounting Principles Board 16 ("APB 16") and accordingly, the consolidated financial statements, including the related notes, have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of the above pooled entities.

Intuit reports its financial results on a July 31 fiscal year-end basis, whereas Rock and Title Source reported their financial results on a December 31 calendar year-end basis prior to the acquisitions. For the purpose of pooling of interests accounting, Rock and Title Source changed their year-end from December 31, to July 31. Intuit's statement of operations for the year ended July 31, 1998 was combined with Rock's and Title Source's statements of operations for the twelve months ended December 31, 1998. Intuit's statement of operations for the year ended July 31, 1999 was combined with Rock's and Title Source's statements of operations for the twelve months ended June 30, 1999. As a result, Rock's and Title Source's revenues and net income of \$52.7 million and \$7.8 million, respectively for the six month period ended December 31, 1998 have been included in our combined results for both fiscal 1998 and fiscal 1999. This \$7.8 million in net income has been reflected as an adjustment to retained earnings for the year ended July 31, 1999. Our fiscal 2000 financial statements, includes results for Rock and Title Source for the thirteen months ended July 31, 2000.

Principles of Consolidation

The consolidated financial statements include all of our accounts and those of our wholly-owned subsidiaries. We have eliminated all significant intercompany accounts and transactions. Investments in which management intends to maintain more than a temporary 20% to 50% interest, or otherwise has the ability to exercise significant influence, are accounted for under the equity method. Investments in which we have less than a 20% interest and/or do not have the ability to exercise significant influence are carried at the lower of cost or estimated realizable value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Use of Estimates

To comply with generally accepted accounting principles, we make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures made in the accompanying notes. Our most significant estimates are related to reserves for product returns and exchanges, reserves for rebates and the collectability of accounts receivable. We also use estimates to determine the remaining economic lives and carrying value of goodwill, purchased intangibles, and fixed assets. Despite our intention to establish accurate estimates and assumptions, actual results may differ from our estimates.

Net Revenue

Intuit recognizes revenue upon shipment of our shrink-wrapped products based on "FOB shipping" terms. Under FOB shipping terms, title and risk of loss are transferred, and we have no continuing obligations, once our products are delivered to the shipper. We recognize revenue upon shipment, net of return reserves based on historical experience. To recognize revenue, it must also be probable that we will collect the accounts receivable from our customers. Reserves are provided for returns of excess quantities of current product versions, as well as previous versions of products still in the distribution channel when new versions are launched. In some situations, we receive advance payments from our customers. Revenue associated with these advance payments is deferred until the products are shipped or services are provided. We also reduce

revenue by the estimated cost of rebates when products are shipped.

We recognize revenue from Internet products and services when that revenue is "earned" based on the nature of the particular product or service. For Internet products and services that are provided over a period of time, revenue is recognized pro rata based on the passage of the contractual time period during which the product or service is to be provided or in accordance with agreed upon performance criteria. However, where the Internet product or service is to be provided or delivered at one point in time, revenue is recognized upon delivery of the product or completion of the service, rather than over time. For example, we earn advertising revenues from third parties that advertise on certain of our websites and contract to run such advertisements for a particular period of time. In that case, the associated advertising revenue is recognized ratably over the contractual time period during which the advertising is to be placed. By contrast, for on-line transactions for which we receive a payment (such as the sale of insurance through our QuickenInsurance website), revenue is recognized upon completion of the transaction, assuming there are no remaining obligations on our part. To recognize revenue, it must be probable that we will collect the accounts receivable from our customers.

Intuit also offers several plans under which customers are charged for technical support assistance. Fees charged for these plans are collected in advance and are recognized as revenue over a period of time (generally one year) at a rate that is based on historical call volumes for support, which approximates when these services are performed. Costs incurred for fee for support plans are included in cost of goods sold.

We defer loan origination revenue and associated incremental direct costs on loans held for sale until the related loan is sold. We recognize gains and losses on loans at the time we sell them, based upon the difference between the selling price and the carrying value of the related loans sold. We recognize loan servicing revenue as the related principal is collected. We recognize interest income on mortgage loans as it is earned, and we recognize interest expenses on related borrowings as we incur them.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries and providing telephone assistance. In connection with the sale of certain products, Intuit provides a limited amount of free telephone support service to customers. This free service, also referred to as post-contract customer support, is included in this expense category. We do not defer the recognition of any revenue associated with sales of these products, since the cost of providing this free support is insignificant. The support is provided within one year after the associated revenue is recognized and enhancements are minimal and infrequent. The estimated cost of providing this free support is accrued upon product shipment.

In situations where customers are charged for technical support assistance, the costs incurred in providing services are included in cost of goods sold rather than as customer service and technical support expenses.

Advertising

We expense advertising costs as incurred. Advertising expense for the years ended July 31, 1998, 1999 and 2000 was approximately \$40.2 million, \$53.3 million and \$57.9 million, respectively.

Cash, Cash Equivalents and Short-Term Investments

Intuit considers highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Short-term investments are considered available-for-sale securities and are carried at amortized cost, which approximates fair value. Available-for-sale securities are classified as current assets based upon our intent and ability to use any and all of these securities as necessary to satisfy the significant short-term liquidity requirements that may arise from the highly seasonal and cyclical nature of our business. Based on our significant business seasonality, cash flow requirements within quarters may fluctuate dramatically and require us to use a significant amount of the short-term investments held as available-for-sale securities.

The following schedule summarizes the estimated fair value of our cash, cash equivalents, and short-term investments:

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	-----	-----

(IN THOUSANDS)

	<C>	<C>
Cash and cash equivalents:		
Cash.....	\$ 56,548	\$ 4,298
Money market funds.....	294,190	338,462
Commercial paper & corporate notes.....	156,037	29,543
Municipal bonds.....	37,455	44,650
U.S. Government securities.....	10,000	--
	-----	-----
	\$554,230	\$ 416,953
	=====	=====
Short-term investments:		
Certificates of deposit.....	\$ 9,901	\$ 5,053
Corporate notes.....	19,482	75,640
Municipal bonds.....	284,057	920,360
U.S. Government securities.....	27,713	49,167
Restricted short-term investments.....	(36,028)	--
	-----	-----
	\$305,125	\$1,050,220
	=====	=====

</TABLE>

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The estimated fair value of cash equivalents and short-term investments classified by the maturity date listed on the security is as follows:

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	-----	-----
	(IN THOUSANDS)	
	<C>	<C>
Due within one year.....	\$735,349	\$ 595,456
Due within two years.....	101,784	157,309
Due within three years.....	1,702	13,039
Due after three years.....	--	697,071
Restricted short-term investments.....	(36,028)	--
	-----	-----
	\$802,807	\$1,462,875
	=====	=====

</TABLE>

Realized gains and losses from sales of each type of instrument were immaterial for all periods presented.

Marketable Securities

As explained in greater detail below, we currently hold several marketable securities, most of which we acquired in connection with strategic business transactions and relationships. Our available-for-sale marketable securities are carried at fair value and we include unrealized gains and losses, net of tax, in stockholders' equity. For purposes of the table below, the cost basis for each security was determined using the average purchase price. We have designated our investments in At Home Corporation (which does business as Excite@Home), VeriSign and 724 Solutions as trading securities and fluctuations in the market value of these shares are reported in net income on a quarterly basis. We held the following marketable securities at July 31, 1999 and 2000:

<TABLE>
<CAPTION>

	COST	GROSS UNREALIZED		NET RECOGNIZED	FAIR VALUE
	-----	GAIN	LOSS	LOSS	-----
		(IN THOUSANDS)			
	<C>	<C>	<C>	<C>	<C>
1999					
Checkfree Corporation common stock.....	\$150,081	\$152,177	\$ --	\$ --	\$302,258
Excite@Home common stock.....	132,060	--	--	(36,856)	95,204
S1 Corporation common stock.....	49,997	--	(16,140)	--	33,857
	-----	-----	-----	-----	-----
	\$332,138	\$152,177	\$(16,140)	\$(36,856)	\$431,319
	=====	=====	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	COST	GROSS UNREALIZED		NET RECOGNIZED	FAIR VALUE
	-----	GAIN	LOSS	LOSS	-----

<S>	(IN THOUSANDS)				
	<C>	<C>	<C>	<C>	<C>
2000					
Checkfree Corporation common stock.....	\$ 36,875	\$115,000	\$ --	\$ --	\$151,875
Excite@Home common stock.....	119,366	--	--	(92,997)	26,369
Homestore.com, Inc. common stock.....	1,689	10,626	--	--	12,315
Quotesmith.com, Inc. common stock.....	5,645	--	(2,721)	--	2,924
S1 Corporation common stock.....	49,997	--	(25,302)	--	24,695
VeriSign, Inc. (formerly Signio) common stock.....	4,916	--	--	(1,833)	3,083
724 Solutions (formerly eZlogin) common stock.....	7,700	--	--	(3,083)	4,617
	-----	-----	-----	-----	-----
	\$226,188	\$125,626	\$(28,023)	\$(97,913)	\$225,878
	=====	=====	=====	=====	=====

</TABLE>

In January 1997, we sold our online banking and bill payment transaction processing business to Checkfree Corporation. We obtained marketable securities in Checkfree as a result of this sale. We account for the investment

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

in Checkfree as an available-for-sale equity security, which accordingly is carried at market value. Checkfree common stock is quoted on the Nasdaq National Market under the symbol CKFR. The closing price of Checkfree common stock at July 31, 2000 was \$60.75 per share. At July 31, 2000, we held 2.5 million shares, or approximately 4.3%, of Checkfree's outstanding common stock.

In connection with At Home Corporation's acquisition of Excite in May 1999, our shares of Excite were converted into Excite@Home common stock. We have elected to report these converted Excite@Home shares as a trading security. As a result, we are reporting both positive and negative fluctuations in the market value of this stock in net income. At July 31, 2000, we owned approximately 1.9 million shares (or approximately 0.5%) of Excite@Home common stock and reported a recognized valuation loss of approximately \$93.0 million for these securities for fiscal 2000. The closing price of Excite@Home (Nasdaq symbol ATHM) at July 31, 2000, was \$14.00 per share.

In August 1999, we acquired 729,165 shares of common stock of Homestore.com, Inc. upon conversion of our preferred shares in connection with Homestore.com's initial public offering. We account for the investment in Homestore.com as an available-for-sale equity security, which accordingly is carried at market value. Homestore.com common stock is quoted on the Nasdaq National Market under the symbol HOMS. The closing price of Homestore.com common stock at July 31, 2000, was \$35.00 per share. At July 31, 2000, we held 351,865 shares, or approximately 0.4%, of Homestore.com's outstanding common stock.

In February 1999, we purchased one million shares of common stock of Quotesmith.com, Inc. We purchased an additional 272,727 shares of Quotesmith.com in August 1999 at the time of its initial public offering. We account for the investment in Quotesmith.com as an available-for-sale equity security, which accordingly is carried at market value. Quotesmith.com common stock is quoted on the Nasdaq National Market under the symbol QUOT. The closing price of Quotesmith.com common stock at July 31, 2000 was \$2.44 per share. At July 31, 2000, we held 1,197,327 shares, or approximately 6.2%, of Quotesmith.com's outstanding common stock.

In May 1999, we purchased 970,813 shares of common stock of Security First Technologies. In November 1999, Security First Technologies changed its name to S1 Corporation. We account for the investment in S1 as an available-for-sale equity security, which accordingly is carried at market value. S1 common stock is quoted on the Nasdaq National Market under the symbol SONE. The closing price of S1 common stock at July 31, 2000 was \$25.44 per share. At July 31, 2000, we held 970,813 shares, or approximately 1.8%, of S1's outstanding common stock. In connection with the above purchase, we also received an option to purchase up to additional 4,579,187 shares of S1 exercisable at a per share purchase price of \$51.50.

In connection with VeriSign Corporation's acquisition of Signio in February 2000, our shares of Signio were converted into VeriSign common stock. At the time of the conversion of our existing Signio shares into VeriSign shares, we recorded a realized gain of approximately \$48.2 million. We have elected to report these converted VeriSign shares as a trading security. As a result, we are reporting both positive and negative fluctuations in the market value of this stock in net income. At July 31, 2000, we owned 19,431 shares (less than 1%) of VeriSign common stock and reported a recognized valuation loss of approximately \$1.8 million for these securities for fiscal 2000. The closing price of VeriSign (Nasdaq symbol VRSN) at July 31, 2000, was \$158.69 per share.

In connection with 724 Solutions Inc.'s acquisition of eZlogin in June 2000, our shares of eZlogin were converted into 724 Solutions common stock. At the time of the conversion of our existing eZlogin shares into 724 Solutions shares, we recorded a realized gain of approximately \$5.4 million. We have elected to

report these converted 724 Solutions shares as a trading security. As a result, we are reporting both positive and negative fluctuations in the market value of this stock in net income. At July 31, 2000, we owned 137,808 shares (or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

approximately 0.4%) of 724 Solutions common stock and reported a recognized valuation loss of approximately \$3.1 million for these securities for fiscal 2000. The closing price of 724 Solutions (Nasdaq symbol SVNX) at July 31, 2000, was \$33.50 per share.

During fiscal year 2000, we sold 7,675,000 shares of Checkfree, 377,300 shares of Homestore.com, and 174,877 shares of VeriSign. In connection with these sales we recognized realized gains of \$505.1 million, \$15.4 million, and \$6.2 million, respectively. Total net gains from marketable securities were \$481.1 million for fiscal 2000.

All of our marketable securities are stocks of high technology companies that are subject to substantial volatility. Accordingly, it is possible that the market price of one or more of these companies' stocks could decline substantially and quickly, which could result in a material reduction in the carrying value of these assets.

Mortgage Lines of Credit

For mortgage lines of credit we estimate fair value based on the discounted value of contractual cash flows using interest rates currently in effect for similar maturities and collateral requirements. The carrying amount of these lines of credit approximates their estimated fair values since all of the borrowings have variable interest rates that approximate current market interest rates for similar types of lines of credit and are due upon demand. The carrying amount of mortgage lines of credit held at July 31, 1999 and 2000, were \$30.0 million and \$2.6 million, respectively.

Mortgage Loans

We carry mortgage loans at estimated realizable value, and we estimate their fair value using quoted market prices for similar loans, adjusted for differences in loan characteristics, including credit quality. The carrying amount of accrued interest receivable approximates the assets' fair value. The carrying amount of mortgage loans held at July 31, 1999 and 2000, were \$85.0 million and \$60.3 million, respectively.

Property and Equipment

Property and equipment is stated at cost. We calculate depreciation using the straight-line method over the estimated useful lives of the assets, which range from 3 to 30 years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives or remaining lease terms. Property and equipment consisted of the following:

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Machinery and equipment.....	\$ 138,762	\$ 204,836
Furniture and fixtures.....	30,035	31,204
Leasehold improvements.....	40,524	54,370
Land and buildings.....	9,049	11,551
Construction in progress.....	2,703	8,247
	-----	-----
	221,073	310,208
Less accumulated depreciation and amortization.....	(101,853)	(142,501)
	-----	-----
	\$ 119,220	\$ 167,707
	=====	=====

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Goodwill and Intangible Assets

We record goodwill when the cost of net assets we acquire exceeds their fair value. Goodwill is amortized on a straight-line basis over periods ranging from 3 to 5 years. The cost of identified intangibles is generally amortized on a straight-line basis over periods ranging from 1 to 10 years. When appropriate we

perform reviews to determine if the carrying value of assets is impaired. The reviews look for the existence of facts or circumstances, either internal or external, which indicate that the carrying value of the asset cannot be recovered. No such impairment has been indicated to date. If, in the future, management determines the existence of impairment indicators, we would use undiscounted cash flows to initially determine whether impairment should be recognized. If necessary, we would perform a subsequent calculation to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets. If quoted market prices for the assets are not available, the fair value would be calculated using the present value of estimated expected future cash flows. The cash flow calculations would be based on management's best estimates, using appropriate assumptions and projections at the time.

Goodwill and purchased intangible assets consisted of the following:

<TABLE>
<CAPTION>

	LIFE IN YEARS	NET BALANCE AT JULY 31,	
		1999	2000
(IN THOUSANDS)			
<S>	<C>	<C>	<C>
Goodwill.....	3 - 5	\$383,102	\$358,890
Customer lists.....	3 - 5	66,934	57,890
Covenant not to compete.....	3 - 5	2,492	4,992
Purchased technology.....	1 - 5	17,751	10,990
Assembled workforce.....	2 - 5	3,972	1,976
Trade names and logos.....	1 - 10	6,900	4,140

Balances presented above are net of total accumulated amortization of \$210.1 million and \$465.3 million at July 31, 1999 and July 31, 2000, respectively.

Concentration of Credit Risk

Intuit operates in an industry that is highly competitive and rapidly changing. Many circumstances could have an unfavorable impact on Intuit's operating results. Examples include significant technological changes in the industry, changes in customer requirements or the emergence of competitive products or services with new capabilities.

We are also subject to risks related to our significant balances of short-term investments, marketable securities and trade accounts receivable. At July 31, 2000, we held approximately \$226 million in marketable securities, as described in "Marketable Securities", above in Note 1. Fluctuations in the market value of our shares in Excite@Home, VeriSign and 724 Solutions result in recognized gains and losses in our statement of operations on an ongoing basis, since these investments are treated as trading securities. If there is a permanent decline in the value of any other marketable securities below cost, we would report this decline in our statement of operations. See "Marketable Securities," above in Note 1 for a discussion of risks associated with our marketable securities. Our remaining portfolio is diversified and consists primarily of short-term investment-grade securities.

To reduce the credit risk associated with accounts receivable, Intuit performs ongoing evaluations of customer credit. Generally, no collateral is required. We maintain reserves for estimated credit losses and these losses have historically been within our expectations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In the normal course of our mortgage business, we enter into loan commitments to extend credit in order to meet the financing needs of our customers. Loan commitments are agreements to lend to a customer as long as all conditions specified in the contract are met. Commitments generally have fixed expiration dates or other termination clauses and may require the customer to pay a fee. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral we obtain is based on our credit evaluation of the customer.

Loan commitments subject us to market risks and credit risks. Market risk occurs if interest rates rise after a loan commitment is made. To offset this risk on conventional loans that are in process, we purchase puts and calls on U.S. Treasury securities. At July 31, 2000, we held calls in the amount of \$7.5 million. The credit risk associated with these puts and calls on U.S. Treasury securities is a small fraction of the notional amount of the securities and is reflected in their fair value. Loan commitments also involve credit risk relating to the customer, which is not reflected on the balance sheet. We use the same credit policies for making credit commitments as we do for the underlying loan product.

Loan commitments to extend credit at July 31, 1998, 1999 and 2000 were as follows:

<TABLE>
<CAPTION>

	JULY 31, 1998		JULY 31, 1999		JULY 31, 2000	
	FIXED-RATE	VARIABLE-RATE	FIXED-RATE	VARIABLE-RATE	FIXED-RATE	VARIABLE-RATE
	(IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Conventional prime loans.....	\$299,000	\$49,000	\$213,000	\$58,000	\$167,000	\$31,100
Sub-prime loans.....	8,000	31	7,300	85	4,200	1,700
High-LTV loans.....	500	--	400	--	600	--
	=====	=====	=====	=====	=====	=====
	\$307,500	\$49,031	\$220,700	\$58,085	\$171,800	\$32,800

</TABLE>

Foreign Currency

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue, costs and expenses are translated at average rates of exchange in effect during the year. We report translation gains and losses as a separate component of stockholders' equity. Net gains and losses resulting from foreign exchange transactions were immaterial in all periods presented.

Comprehensive Income (Loss)

SFAS 130, "Reporting Comprehensive Income" establishes standards for the reporting and display of comprehensive net income and its components. However, it has no impact on our net income as presented in our financial statements. SFAS 130 requires foreign currency translation adjustments and changes in the fair value of available-for-sale securities to be included in comprehensive income.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The components of comprehensive net income are as follows:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Beginning balance gain, net of tax.....	\$ 19,432	\$ 182,602	\$ 79,144
Unrealized gain (loss) on marketable securities.....	267,338	(165,750)	(38,433)
Tax benefit (effect) on unrealized gain.....	(106,935)	66,300	15,373
Translation adjustment gain (loss), net of tax.....	2,767	(4,008)	(498)
	=====	=====	=====
Ending balance gain, net of tax.....	\$ 182,602	\$ 79,144	\$ 55,586

</TABLE>

The change in unrealized loss on marketable securities during 1999 and 2000 includes reclassification adjustments totaling \$616.1 million and \$520.8 million, respectively, relating to gains realized in income from sale of securities and reclassification of available-for-sale securities to trading securities. Accumulated unrealized holding gains, net of taxes, were \$181.1 million at July 31, 1998, \$81.6 million at July 31, 1999 and \$58.6 million at July 31, 2000. Accumulated translation gain (loss), net of taxes, was \$1.5 million at July 31, 1998, \$(2.5) million at July 31, 1999 and \$(3.0) million at July 31, 2000.

Deferred Stock-based Compensation

We recognize deferred stock compensation for the difference between the exercise price and the fair value of stock options and unvested options issued in exchange for options of acquired companies. The deferred stock compensation is amortized straight-line over the vesting term of such options. During fiscal 2000, Intuit recorded deferred compensation of \$31.8 million and amortization expense of \$5.3 million.

Recent Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS

133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires us to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments. Upon the date of adoption, August 1, 2000, the impact of applying SFAS 133 was immaterial.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, Revenue Recognition in Financial Statements ("SAB 101"), and amended it in March and June 2000. SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements for all public registrants. Changes in our revenue recognition policy, if any, resulting from the interpretation of SAB 101 would be reported as a change in accounting principle. We are currently reviewing the impact of SAB 101 on our previously reported results of operations and anticipate that we will adopt SAB 101 during the fourth quarter of fiscal 2001.

In March 2000, the FASB issued FASB Interpretation 44, "Accounting for Certain Transactions Involving Stock Compensation," an interpretation of APB Opinion 25 ("FIN 44"). FIN 44 applies prospectively to new stock option awards, exchanges of awards in a business combination, modifications to outstanding awards, and changes in grantee status that occur on or after July 1, 2000. Although we are still in the process of analyzing the impact of FIN 44, if any, on our consolidated statements and related disclosures, we do not expect a material impact on our historically reported financial position or results of operations.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. PER SHARE DATA

Basic income per share is computed using the weighted average number of common shares outstanding during the period. Diluted income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of the shares issuable upon the exercise of stock options under the treasury stock method. All share and per share amounts shown in this table have been restated to reflect a three for one stock split effective September 30, 1999 (see Note 10). The following table shows the computation of basic and diluted income per share for the years ended July 31, 1998, 1999 and 2000:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)		
<S>	<C>	<C>	<C>
BASIC:			
Weighted average common shares outstanding.....	157,147	190,927	200,770
	=====	=====	=====
Net income.....	\$ 6,182	\$386,564	\$305,661
	=====	=====	=====
Per share amount.....	\$ 0.04	\$ 2.02	\$ 1.52
	=====	=====	=====
DILUTED:			
Weighted average common shares outstanding.....	157,147	190,927	200,770
Equivalent shares issuable upon exercise of options.....	6,744	8,889	10,501
	-----	-----	-----
Shares used in per share amounts.....	163,891	199,816	211,271
	=====	=====	=====
Net income.....	\$ 6,182	\$386,564	\$305,661
	=====	=====	=====
Per share amount.....	\$ 0.04	\$ 1.93	\$ 1.45
	=====	=====	=====

</TABLE>

The effect of options to purchase 2.8 million shares of common stock in 1999 and 2.3 million shares of common stock in 2000 was not included in the computation of diluted income per share because the option exercise prices were greater than the average market price of common stock.

3. ACQUISITIONS

On December 8, 1999, we completed the purchase of all of the outstanding shares of Rock for approximately 8.6 million shares of Intuit common stock. Rock is a provider of consumer mortgages and is based in Michigan. In connection with

the acquisition, Intuit assumed all of Rock's outstanding employee stock options, which were converted into options to purchase approximately 1.2 million shares of Intuit common stock. Rock stockholders received 0.58 shares of Intuit common stock for each share of Rock common stock. In a related transaction, Intuit also completed the acquisition of Title Source, Inc., an affiliate of Rock, for approximately 150,000 shares of Intuit common stock. Title Source provides title insurance and escrow services to real estate agents, lenders, attorneys, corporations and homeowners. We accounted for the acquisitions of Rock and Title Source as a pooling of interests

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for accounting purposes and have restated all previously reported amounts to reflect the effect of the pooling. A net revenue and net income (loss) reconciliation for the years ended July 31, 1998 and 1999 is summarized below:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,	
	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
<S>	<C>	<C>
Net revenue:		
Intuit.....	\$592,736	\$847,568
Quicken Loans and Title Source.....	96,546	92,867
	-----	-----
Combined.....	\$689,282	\$940,435
	=====	=====
Net income (loss):		
Intuit.....	\$ (12,157)	\$376,549
Quicken Loans and Title Source.....	18,339	10,015
	-----	-----
Combined.....	\$ 6,182	\$386,564
	=====	=====
Basic net income (loss) per share:		
Intuit.....	\$ (0.08)	\$ 2.06
Quicken Loans and Title Source.....	0.12	(0.04)
	-----	-----
Combined.....	\$ 0.04	\$ 2.02
	=====	=====
Diluted net income (loss) per share; Intuit.....	\$ (0.08)	\$ 1.97
Quicken Loans and Title Source.....	0.12	(0.04)
	-----	-----
Combined.....	\$ 0.04	\$ 1.93
	=====	=====

</TABLE>

The acquisitions described below have been accounted for as purchase transactions in accordance with APB No. 16 and, accordingly, the results of operations and financial position of the acquired businesses are included in Intuit's consolidated financial statements only after the date of acquisition.

In June 1998, we acquired substantially all of the assets of Lacerte Software Corporation and Lacerte Educational Services Corporation (together, "Lacerte"), for cash. Lacerte is a leading developer and marketer of tax preparation software and services for tax professionals. The purchase price was approximately \$400 million, which was funded by a public offering of 30.0 million shares of common stock in May and June 1998. In addition, we assumed liabilities of \$31.8 million. Note 10 provides more information on this public offering.

The acquisition of Lacerte was treated as a purchase for accounting purposes. We allocated approximately \$358.2 million of the purchase price to identified intangible assets and goodwill. These assets are being amortized over a period of three to five years. We also expensed approximately \$53.8 million of in-process research and development at the time of the acquisition. The following table shows pro forma net revenue, net loss from

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

continuing operations and diluted net loss per share from continuing operations of Intuit and Lacerte for the fiscal year ending July 31, 1998 as if we had acquired Lacerte at the beginning of fiscal 1998:

<TABLE>

<CAPTION>

	YEAR ENDED JULY 31, 1998	
	INCLUDING LACERTE	AS REPORTED
	(IN THOUSANDS, EXCEPT PER SHARE DATA; UNAUDITED)	
<S>	<C>	<C>
Net revenue.....	\$764,790	\$689,282
Net income (loss) from continuing operations.....	(38,350)	6,182
Diluted net income (loss) per share from continuing operations.....	\$ (0.23)	\$ 0.04

On April 7, 1999, we acquired the customer list and intellectual property rights of TaxByte, Inc., for approximately \$11 million in cash. TaxByte was a professional tax preparation software company with a customer base of approximately 3,600 professional tax preparers. The acquisition was treated as a purchase for accounting purposes and the entire purchase price was allocated to identified intangible assets and goodwill to be amortized over five years. We did not acquire any tangible assets or assume any liabilities in connection with the purchase.

On May 3, 1999, we acquired Computing Resources, Inc. ("CRI"), a Reno, Nevada-based provider of payroll services. The purchase price for privately-held CRI was approximately \$200 million, consisting of approximately \$100 million cash and approximately \$25 million of Intuit stock that was paid at closing, and \$75 million in cash being paid in three annual installments of \$25 million each.

We accounted for the acquisition of CRI as a purchase for accounting purposes and allocated approximately \$187 million to identified intangible assets and goodwill. These assets are being amortized over a period of three to five years. The following table shows pro forma net revenue, net income (loss) from continuing operations and diluted net loss per share from continuing operations of Intuit and CRI as if we had acquired CRI at the beginning of fiscal 1998:

<TABLE>
<CAPTION>

	YEAR ENDED JULY 31, 1998		YEAR ENDED JULY 31, 1999	
	INCLUDING CRI	AS REPORTED	INCLUDING CRI	AS REPORTED
	(IN THOUSANDS, EXCEPT PER SHARE DATA; UNAUDITED)			
<S>	<C>	<C>	<C>	<C>
Net revenue.....	\$721,182	\$689,282	\$966,183	\$940,435
Net income (loss) from continuing operations.....	(25,759)	6,182	361,197	386,564
Diluted net income (loss) per share from continuing operations.....	\$ (0.16)	\$ 0.04	\$ 1.81	\$ 1.93

On June 11, 1999, we acquired the customer list and intellectual property rights of Compucraft Tax Services, LLC, for approximately \$8 million in cash, with a provision that could increase the overall purchase price if certain performance targets are met. Compucraft was a professional tax preparation service bureau company with an active customer base of approximately 3,400 professional tax preparers. The acquisition was accounted for as a purchase for accounting purposes. The entire purchase price was allocated to identified intangible assets. No liabilities were assumed in connection with the purchase.

On August 2, 1999, we completed the purchase of all of the outstanding common and Series A preferred stock of Boston Light Software Corp. ("Boston Light") for approximately \$33.5 million in stock. In connection with the agreement, Intuit assumed 482,910 of Boston Light's outstanding employee stock options, which were converted into 160,970 shares of Intuit common stock. Boston Light is a developer of software and web based products for small businesses and is based in Boston, Massachusetts. We accounted for the acquisition of Boston Light as a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

purchase for accounting purposes and allocated approximately \$24.0 million to identified intangible assets, goodwill and deferred compensation. These assets are being amortized over a period of three to five years. We also expensed approximately \$0.3 million of in-process research and development at the time of acquisition.

On August 9, 1999, we completed the purchase of all of the outstanding common stock of SecureTax.com, for approximately \$52.0 million in cash.

SecureTax is a developer of online tax preparation and electronic filing services and is based in Rome, Georgia. We accounted for the acquisition of SecureTax as a purchase for accounting purposes and allocated approximately \$52.0 million to identified intangible assets and goodwill. These assets are being amortized over a period of three to five years.

On August 10, 1999, we completed the purchase of all of the outstanding common stock of Hutchison Avenue Software Corporation ("Hutchison"), for approximately \$7.5 million in cash. Hutchison is a developer of software and web based products and is based in Ontario, Canada. In connection with the agreement, Intuit assumed 395,058 of Hutchison's outstanding employee stock options, which were converted into 131,686 shares of Intuit common stock. We accounted for the acquisition of Hutchison as a purchase for accounting purposes and allocated approximately \$6.8 million to identified intangible assets and goodwill. These assets are being amortized over periods of three to five years. The total purchase price, including the cost associated with the assumption of Hutchison's stock options, was approximately \$18.5 million. We also expensed approximately \$1.1 million of in-process research and development at the time of acquisition.

On November 30, 1999, we completed the purchase of all of the outstanding common stock of Turning Mill Software, Inc. ("Turning Mill") for approximately \$22.1 million in stock. Turning Mill is a developer of software and web based products based in Acton, Massachusetts. We accounted for the acquisition of Turning Mill as a purchase for accounting purposes and allocated approximately \$22.1 million to identified intangible assets, goodwill and deferred compensation. These assets are being amortized over periods of three to five years. Under the terms of agreement, we issued 416,881 shares of Intuit common stock in exchange for all outstanding shares of Turning Mill.

For acquisitions treated as a purchase for accounting purposes, we must determine the allocation between developed and in-process research and development. This allocation is based on whether or not technological feasibility has been achieved and whether there is an alternative future use for the technology. SFAS 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," sets guidelines for establishing technological feasibility. Technological feasibility can be achieved through the existence of either a detailed program design or a completed working model. As of the respective dates of the acquisitions discussed above, we concluded that the purchased in-process research and development had no alternative future use and expensed it according to the provisions of SFAS 86.

4. SIGNIFICANT TRANSACTIONS

On February 17, 1998, we announced a three-year agreement with America Online, Inc. ("AOL"). Under the terms of the agreement, subject to certain limited exceptions, we are the exclusive provider of tax preparation and filing, multi-carrier life and auto insurance, and multi-lender mortgage services on both the AOL service and AOL.com, which is AOL's default site for Internet access by AOL members. In addition, on AOL.com, we are the primary source of financial content for the Personal Finance Web Channel. We have guaranteed payments to AOL totaling \$30 million over three years. Of that amount \$16.2 million was paid upon signing, and the remainder is being amortized over the term of the agreement. AOL will also be eligible for additional revenue sharing payments once Intuit has recovered certain advances and other amounts.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

On May 27, 1999, we completed a \$50 million investment in Security First Technologies ("Security First"). In November 1999, Security First Technologies changed its name to S1 Corporation ("S1"). S1 delivers enterprise-wide Internet applications for financial institutions. We purchased 970,813 shares of common stock at a price of \$51.50 per share. In connection with this agreement, and contingent on S1's completion of two subsequent acquisitions, we received options to purchase 4,579,187 additional shares of S1 common stock, at a per share purchase price of \$51.50. Our investment in S1 was made in connection with establishing a strategic relationship to deliver online financial software and services to financial institutions. The common stock of S1 is quoted on the Nasdaq National Market under the symbol "SONE."

5. BORROWINGS

We have two mortgage lines of credit. Advances under the first line of credit are based on a formula computation, with interest due monthly. Advances are due on demand and are collateralized by residential first and second mortgages. Advances may be drawn for working capital and sub-prime, high loan-to-value and conventional prime mortgage loans. The maximum outstanding balance permitted under this line is \$125 million. Interest rates are variable and are based on the federal funds rate and prime rate, depending on the type of advance. The interest rates in effect at July 31, 1999 and July 31, 2000 were 6.29% and 7.69%, respectively. The weighted average interest rates for the years ended July 31, 1999 and July 31, 2000 were 6.45% and 7.35%, respectively.

Our second line of credit currently provides for up to \$50 million principal amount of demand loans secured by mortgage loans and other assets. Interest rates on loans vary depending on the type of underlying loan, and the loans are subject to sublimits, advance rates and warehouse terms that vary depending on the type of underlying loan. The interest rates in effect at July 31, 1999 and July 31, 2000 were 6.37% and 7.89%, respectively, while the weighted average interest rates for the twelve month periods ended July 31, 1999 and July 31, 2000 were 5.92% and 7.48%, respectively. We are required to maintain a minimum tangible net worth and to satisfy other financial covenants, as outlined in the line of credit agreements. We were in compliance with the requirements as of July 31, 1999 and July 31, 2000.

Our reverse repurchase agreement entered into in 1997 provided that the lender will purchase from us, subject to our agreement to repurchase on a specified date, up to \$200 million of conventional prime and sub-prime mortgage loans at par, as of January 1, 2000. Loans subject to purchase were fixed and adjustable rate, fully-amortizing first or junior lien residential mortgage loans and home equity loans that complied with our origination guidelines and conformed to whole-loan sale requirements. The reverse repurchase agreement was not a committed facility and the lender could elect to discontinue the repurchase agreement at any time. The terms of the financing under the repurchase agreement matured and could be renewed on a daily basis. Interest rates were variable and were based on the London Interbank Offered Rate, depending on the type of advance. The interest rate in effect at July 31, 1999 was 5.75%. The weighted average interest rate for the year ended July 31, 1999 was 5.92%. The arrangement terminated in March 2000.

Drafts payable represent funds advanced for mortgages originated which have not yet been drawn against the lines of credit.

6. INDUSTRY SEGMENT AND GEOGRAPHIC INFORMATION

Intuit has adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for the way in which public companies disclose certain information about operating segments in the Company's financial reports. Consistent with SFAS 131, we have determined our four

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

operating segments, outlined below, based on factors such as how our operations are managed and how results are viewed by management.

Small Business Division revenue is derived primarily from QuickBooks desktop products, financial supplies products, payroll services, the QuickBooks Support Network and QuickBooks Internet Gateway services.

Tax Division revenue is derived from Quicken Turbo Tax federal and state consumer desktop tax preparation products, ProSeries and Lacerte professional tax preparation products, electronic tax filing services and Quicken TurboTax for the Web online tax preparation services.

Consumer Finance Division revenues come primarily from Quicken desktop products, Quicken Loans, advertising, sponsorship and placement fees (both web-based in Quicken.com, as well as in-product advertising in Quicken), online transactions and QuickenInsurance.

International Division revenues come primarily from Yayoi and QuickBooks small business products in Japan, QuickBooks, Quicken and QuickTax products in Canada, QuickBooks, Quicken and consumer tax products in Europe, and QuickBooks and Quicken products in Southeast Asia.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intuit does not track assets by operating segments. Consequently, we do not disclose assets by operating segments. The following results are broken out by our operating segments for the fiscal years ended July 31, 1998, 1999 and 2000):

<TABLE>
<CAPTION>

	SMALL BUSINESS DIVISION	TAX DIVISION	CONSUMER FINANCE DIVISION	INTERNATIONAL DIVISION	OTHER (1)	
	-----	-----	-----	-----	-----	-----
				(IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FISCAL 1998						
Net revenue.....	\$208,349	\$192,789	\$217,406	\$ 70,738	\$ --	\$ 689,282
Segment operating income (loss).....	75,770	79,373	4,509	(11,472)	--	148,180

Common expenses.....	--	--	--	--	(66,776)	(66,776)
Sub-total operating income (loss).....	75,770	79,373	4,509	(11,472)	(66,776)	81,404
Realized gains (losses) on marketable securities, net.....	--	--	--	--	--	--
Acquisition costs.....	--	--	--	--	(80,909)	(80,909)
Interest income (expense) and other items.....	--	--	--	--	605	605
Income (loss) before tax.....	\$ 75,770	\$ 79,373	\$ 4,509	\$ (11,472)	\$ (147,080)	\$ 1,100
FISCAL 1999						
Net revenue.....	\$292,707	\$337,734	\$230,549	\$ 79,445	\$ --	\$ 940,435
Segment operating income (loss).....	95,924	148,464	8,059	(2,252)	--	250,195
Common expenses.....	--	--	--	--	(114,937)	(114,937)
Sub-total operating income (loss).....	95,924	148,464	8,059	(2,252)	(114,937)	135,258
Realized gains (losses) on marketable securities, net.....	--	--	--	--	579,211	579,211
Acquisition costs.....	--	--	--	--	(100,692)	(100,692)
Interest income (expense) and other items.....	--	--	--	--	18,252	18,252
Income (loss) before tax.....	\$ 95,924	\$148,464	\$ 8,059	\$ (2,252)	\$ 381,834	\$ 632,029

</TABLE>

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	SMALL BUSINESS DIVISION	TAX DIVISION	CONSUMER FINANCE DIVISION	INTERNATIONAL DIVISION	OTHER (1)	
CONSOLIDATED	-----	-----	-----	-----	-----	-----
-						
				(IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FISCAL 2000						
Net revenue.....	\$394,264	\$379,270	\$225,930	\$ 94,361	\$ --	\$1,093,825
Segment operating income (loss).....	112,275	165,400	(4,793)	14,042	--	286,924
Common expenses.....	--	--	--	--	(135,729)	(135,729)
Sub-total operating income (loss).....	112,275	165,400	(4,793)	14,042	(135,729)	151,195
Realized gains (losses) on marketable securities, net.....	--	--	--	--	481,130	481,130
Acquisition costs.....	--	--	--	--	(168,058)	(168,058)
Interest income (expense) and other items.....	--	--	--	--	48,443	48,443
Income (loss) before tax.....	\$112,275	\$165,400	\$ (4,793)	\$ 14,042	\$ 225,786	\$ 512,710

</TABLE>

(1) Reconciling items include acquisition and other common costs not allocated to specific segments.

7. OTHER ACCRUED LIABILITIES

	JULY 31, 1999	JULY 31, 2000
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Reserve for returns and exchanges.....	\$ 73,955	\$ 60,979
Future payments due for CRI acquisition.....	66,314	44,916
Other acquisition and disposition related items.....	10,824	6,400
Rebates.....	18,002	21,552
Post-contract customer support.....	3,418	2,717
Other accruals.....	29,359	26,205
	-----	-----
	\$201,872	\$162,769
	=====	=====

</TABLE>

8. NOTES PAYABLE AND COMMITMENTS

NOTES PAYABLE

In March 2000, our Japanese subsidiary, Intuit KK, entered into a one-year loan agreement with Japanese banks for approximately \$35.1 million which was used to refinance the three year loan that was entered into in March 1997 to finance our acquisition of Nihon Micom. The loan is denominated in Japanese yen and is therefore subject to foreign currency fluctuations when translated to U.S. dollars for reporting purposes. The interest rate is variable based on the Tokyo inter-bank offered rate or the short-term prime rate offered in Japan. At July 31, 2000, the rate was approximately 0.83%. The fair value of the loan approximates cost as the interest rate on the borrowings is adjusted periodically to reflect market rates (which are currently significantly lower in Japan than in the United States). We are obligated to pay interest only on the loan until March 2001.

Under the previous loan arrangement we had guaranteed the loan and pledged approximately \$36.0 million, or 110% of the loan balance, of short-term investments to be restricted as security for the borrowings. The Pledge agreement was terminated upon refinancing.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Intuit leases certain office facilities and equipment under various operating lease agreements. The leases provide for annual rent increases of up to 10%. Annual minimum commitments under these leases are as follows:

<TABLE>
<CAPTION>

YEARS ENDING JULY 31, -----	COMMITMENTS ----- (IN THOUSANDS)
<S>	<C>
2001.....	\$ 27,068
2002.....	50,523
2003.....	75,539
2004.....	100,549
2005.....	124,072
Thereafter.....	145,145

	\$522,896
	=====

</TABLE>

Total lease expense for the years ended July 31, 1998, 1999 and 2000 was approximately \$13.8 million, \$15.1 million and \$21.4 million, respectively.

9. MORTGAGE LOANS

The following summarizes mortgage loans by type at July 31, 1999 and July 31, 2000:

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Conventional loans.....	\$65,624	\$41,555
Sub-prime loans.....	10,683	5,182
Government loans.....	8,676	12,357
High LTV loans.....	--	1,236
	-----	-----
Net deferred loan origination costs.....	84,983	60,330
	84	81
	-----	-----
Mortgage loans.....	\$85,067	\$60,411
	=====	=====

</TABLE>

Included in mortgage loans held for investment at July 31, 1999 and July 31, 2000 is an allowance for credit losses of \$1.3 million and \$0.4 million, respectively. The activity for the year ended July 31, 1999 includes a provision of \$1.0 million offset by charge-offs of \$0.1 million. The activity for the year ended July 31, 2000 includes a provision of \$0.7 million offset by charge-offs of \$1.6 million.

As of July 31, 1999 and July 31, 2000, there were approximately \$1.8 million and \$0.3 million, respectively, of loans held for investment that were greater than 90 days past due, the vast majority of which was sub-prime loans.

10. STOCKHOLDERS' EQUITY

Stock Option Plans

On January 31, 1993, we adopted the 1993 Equity Incentive Plan. Under the 1993 Plan, we may grant incentive and non-qualified stock options, restricted stock awards and stock bonuses to employees, directors, consultants, and independent contractors of and advisors to Intuit. The Board of Directors or its delegates determine who will receive grants, exercisability, option price and other terms. The option exercise price is usually the fair market value at the date of grant. The options generally vest over a four-year period and expire after ten years.

On October 7, 1996, we adopted the 1996 Directors Stock Option Plan. This plan provides for non-qualified stock options for a specified number of shares to be granted to non-employee directors of Intuit on an annual basis.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The option exercise price equals the fair market value at the date of grant. Most options are subject to vesting over time, with vesting periods ranging from two to four years. All options expire after ten years.

On November 11, 1998, we adopted the 1998 Option Plan for Mergers and Acquisitions. Under the 1998 Plan, we may grant non-qualified stock options to individuals who are hired by Intuit as a result of acquisitions of, or mergers with, other companies by Intuit. The 1998 Plan has been designed to meet the "broadly based plans" exemption from the stockholder approval requirement for stock option plans under the Nasdaq National Market listing requirements and, accordingly, has not been submitted to Intuit stockholders for approval. Options under the 1998 Plan can only be granted to eligible individuals within 18 months following the completion of the relevant acquisition or merger. Options granted under the 1998 Plan have an exercise price not less than the fair market value of Intuit's common stock on the date of grant. They will generally become exercisable over a four-year period based on continued service and expire ten years after the grant date. Options granted to officers hired as a result of a merger or acquisition cannot exceed 45% of all shares reserved for grant under the 1998 Plan.

In addition, we have several discontinued option plans with outstanding options. We assumed options in connection with our acquisitions of Boston Light and Hutchison Avenue Software in August 1999 and Rock Financial Corporation in December 1999.

A summary of activity under all option plans is as follows:

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING			
	SHARES AVAILABLE FOR GRANT	NUMBER OF SHARES	EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
<S>	<C>	<C>	<C>	<C>
Balance at July 31, 1997.....	6,987,125	28,287,904	\$ 0.02 - \$28.00	\$ 7.58
Additional shares authorized.....	6,450,000	--	--	--
Options granted.....	(9,790,690)	9,790,690	8.21 - 18.83	12.97
Options exercised.....	--	(6,885,018)	0.02 - 14.67	6.33
Options canceled or expired.....	3,500,251	(3,631,171)	0.76 - 28.00	8.60
Balance at July 31, 1998.....	7,146,686	27,562,405	\$ 0.02 - \$26.00	9.66
Additional shares authorized.....	14,010,000	--	--	--
Options granted.....	(15,466,064)	15,466,064	13.04 - 31.21	23.32
Options exercised.....	--	(9,093,374)	0.02 - 31.21	8.30
Options canceled or expired.....	2,239,120	(2,239,863)	0.76 - 31.21	15.46
Balance at July 31, 1999.....	7,929,742	31,695,232	\$ 0.02 - \$31.21	\$16.13
Additional shares authorized.....	9,000,000	--	--	--
Plans assumed related to acquisitions.....	964,941	--	--	--
Options converted related to acquisitions.....	(964,941)	964,941	0.003 - 51.69	5.21
Options granted.....	(9,887,734)	9,887,734	2.50 - 72.31	34.44
Options exercised.....	--	(6,651,954)	0.003 - 33.53	11.49
Options canceled or expired.....	4,051,948	(4,623,728)	0.39 - 64.81	22.29
Balance at July 31, 2000.....	11,093,956	31,272,225	\$0.003 - \$72.31	\$23.43

</TABLE>

There were 8,742,961, 8,658,814, and 11,608,020 options exercisable under the various plans at July 31, 1998, 1999 and 2000, respectively. At July 31, 2000, there were 7,446,689 shares available for grant under the 1993 Plan, 167,500 shares available for grant under the 1996 Directors Stock Option Plan,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Stock Split

Intuit's Board of Directors authorized a three-for-one stock split on September 8, 1999. This was effected by distributing a 200% stock dividend on September 30, 1999 to stockholders of record on September 20, 1999. We have restated all share and per share amounts referred to in the financial statements and notes to reflect this stock split.

Employee Stock Purchase Plan

In October 1996, Intuit adopted an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code and reserved 900,000 shares of common stock for future issuance. In January 1998, an additional 600,000 shares were reserved for future issuance, in January 1999, an additional 900,000 shares were reserved for future issuance, and in November 1999 an additional 400,000 shares were reserved for future issuance. The plan allows eligible employees to purchase Intuit's stock at 85% of the lower of the fair market value at the beginning or end of each six-month offering period. During fiscal 1998, 1999, and 2000 employees purchased 443,928, 396,546, and 355,281 shares, respectively.

Stock-Based Compensation

We follow APB Opinion 25 ("APB 25"), "Accounting for Stock Issued to Employees," in accounting for stock-based compensation. Accordingly, we are not required to record compensation expense when stock options are granted to employees, as long as the exercise price is not less than the fair market value of the stock when the option is granted, and we are not required to record compensation expense in connection with the Employee Stock Purchase Plan as long as the purchase price is not less than 85% of the lower of the fair market value at the beginning or end of each six-month offering period. In October 1995, the FASB issued SFAS 123, "Accounting for Stock Based Compensation." Although SFAS 123 allows us to continue to follow the present APB 25 guidelines, we are required to disclose pro forma net income (loss) and net income (loss) per share as if we had adopted the new statement. The pro forma impact of applying SFAS 123 in fiscal 1998, 1999 and 2000 will not necessarily be representative of the pro forma impact in future years.

We have elected to use the Black-Scholes model to estimate the fair value of options granted. This valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model requires the input of highly subjective assumptions including the expected stock price volatility. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect this estimate, we believe the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of our employee stock options. Inputs used for the valuation model are as follows:

<TABLE>
<CAPTION>

	OPTIONS			EMPLOYEE STOCK PURCHASE PLAN		
	1998	1999	2000	1998	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Expected life (years).....	1.61 - 4.61	1.61 - 4.61	1.75 - 4.75	0.5	0.5	0.5
Expected volatility....	0.60%	0.69%	0.73%	0.60%	0.69%	0.73%
Risk-free interest rate.....	5.34% - 6.0%	4.10% - 6.31%	5.61% - 6.80%	5.25% - 5.45%	4.59% - 4.93%	5.57% - 5.77%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Our pro forma net income (loss) and diluted net income (loss) per share would have been as follows:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
<S>	<C>	<C>	<C>
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		

Net income (loss) As reported.....	\$ 6,182	\$386,564	\$305,661
Pro forma.....	\$(24,594)	\$332,304	\$207,965
Diluted net income (loss) per share As reported.....	\$ 0.04	\$ 1.93	\$ 1.45
Pro forma.....	\$ (0.15)	\$ 1.66	\$ 0.98

The weighted average fair value of options granted during fiscal 1998, 1999 and 2000 was approximately \$6.72, \$10.43 and \$23.27.

The following table summarizes information about stock options outstanding as of July 31, 2000:

<TABLE>
<CAPTION>

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE		
EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>
\$ 0.00 - \$ 7.92	3,350,319	6.15	\$ 6.28	2,485,764	\$ 7.22
\$ 8.08 - \$ 9.00	3,520,717	6.86	\$ 8.39	2,335,849	\$ 8.39
\$ 9.10 - \$15.00	3,462,847	7.36	\$12.44	1,953,076	\$12.15
\$15.50 - \$16.38	3,312,025	7.90	\$15.92	1,348,026	\$15.88
\$16.40 - \$26.21	3,447,496	8.51	\$22.82	1,369,850	\$22.79
\$26.31 - \$27.25	3,366,501	8.77	\$26.62	985,014	\$26.58
\$27.71 - \$29.25	3,732,148	8.96	\$28.76	435,692	\$27.78
\$29.85 - \$36.13	3,172,053	9.13	\$32.56	501,749	\$31.11
\$36.94 - \$67.56	3,885,619	9.63	\$52.94	193,000	\$66.03
\$72.31 - \$72.31	22,500	9.57	\$72.31	--	\$ 0.00
\$ 0.00 - \$72.31..	31,272,225	8.17	\$23.43	11,608,020	\$15.55

</TABLE>

11. PROFIT SHARING AND BENEFIT PLANS

Profit Sharing Plan

Full-time employees are eligible to participate in Intuit's profit-sharing plan. The Compensation Committee of the Board of Directors determines amounts to be contributed to the plan. Profit-sharing expense for fiscal 1998, 1999 and 2000 was approximately \$9.1 million, \$12.4 million and \$20.7 million, respectively.

Benefit Plans

We provide three 401(k) plans for full-time employees. Participating employees may contribute up to 15% of pretax salary to the plan, subject to IRS limitations. Intuit matches a specified portion of the employee contributions up to a maximum amount per employee per year. The amount is subject to change on an annual basis. At July 31, 1998, the match was 75%, up to \$1,500, at July 31, 1999 and 2000, the match was 75%, up to \$2,500. Matching contributions were approximately \$3.0 million, \$5.8 million and \$6.6 million, respectively, for the years ended July 31, 1998, 1999 and 2000. Our wholly owned subsidiary Lacerte merged with the existing Intuit 401(k) plan on January 1, 2000. Quicken Loans maintains its own separate 401(k) plan. Employees under this plan can make elective contributions to the plan. The plan requires Quicken Loans to contribute 20% of employee contribu-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

tions to the plan up to a maximum of 1% of the employee's gross pay. Matching contributions to the Quicken Loans plan for the years ended July 31, 1998, 1999, and 2000 amounted to \$0.1 million, \$0.2 million, and \$0.6 million, respectively. The Quicken Loans plan was merged with the existing Intuit plan on August 1, 2000.

12. SHAREHOLDER RIGHTS PLAN

On April 29, 1998, the Board of Directors adopted a shareholder rights plan designed to protect the long-term value of Intuit for its stockholders during any future unsolicited acquisition attempt. In connection with the plan, the Board declared a dividend of one preferred share purchase right for each share of Intuit's common stock outstanding on May 11, 1998 (the "Record Date") and further directed the issuance of one such right with respect to each share of Intuit's common stock that is issued after the Record Date, except in certain circumstances. If a person or a group (an "Acquiring Person") acquires 20% or more of Intuit's common stock, or announces an intention to make a tender offer for Intuit's common stock, the consummation of which would result in a person or

group becoming an Acquiring Person, then the rights will be distributed (the "Distribution Date"). After the Distribution Date, each right may be exercised for 1/3000th of a share of a newly designated Series B Junior Participating Preferred stock at an exercise price of approximately \$83.33. The preferred stock has been structured so that the value of 1/3000th of a share of such preferred stock will approximate the value of one share of common stock. The rights will expire on May 1, 2008.

13. INCOME TAXES

Income before income taxes includes income (loss) from foreign operations of \$(14.5) million, \$(9.0) million and \$4.4 million for the years ended July 31, 1998, 1999 and 2000, respectively. The provision for income taxes consisted of the following:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$ 27,319	\$214,765	\$ 282,740
State.....	3,694	45,527	62,041
Foreign.....	390	--	2,771
	-----	-----	-----
	31,403	260,292	347,552
Deferred:			
Federal.....	(29,683)	(14,529)	(117,276)
State.....	(6,802)	(213)	(23,092)
	-----	-----	-----
	(36,485)	(14,742)	(140,368)
	-----	-----	-----
Total provision (benefit) for income taxes.....	\$ (5,082)	\$245,550	\$ 207,184
	=====	=====	=====

</TABLE>

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Differences between income taxes calculated using the federal statutory income tax rate of 35% and the provision (benefit) for income taxes were as follows:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1998	1999	2000
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Income before income taxes.....	\$ 1,100	\$632,029	\$512,710
	=====	=====	=====
Statutory federal income tax.....	\$ 385	\$221,211	\$179,449
State income tax, net of federal benefit.....	(1,812)	29,454	25,317
Federal research and experimental credits.....	(2,700)	(4,500)	(5,000)
Non-deductible merger related charges.....	3,814	980	11,263
Tax exempt interest.....	(2,627)	(4,398)	(8,204)
Foreign losses not benefited.....	5,396	3,074	--
Other, net.....	(7,538)	(271)	4,359
	-----	-----	-----
Total.....	\$ (5,082)	\$245,550	\$207,184
	=====	=====	=====

</TABLE>

Tax savings from deductions associated with our various stock option plans are not reflected in the current federal and state provisions. Savings were approximately \$21.6 million in fiscal 1998, \$58.2 million in fiscal 1999 and \$93.5 million in fiscal 2000. These amounts were credited to stockholders' equity.

Significant deferred tax assets and liabilities were as follows:

<TABLE>
<CAPTION>

	JULY 31, 1999	JULY 31, 2000
	(IN THOUSANDS)	
<S>	<C>	<C>

Deferred tax assets:		
Accruals and reserves not currently deductible.....	\$ 50,229	\$ 54,483
Deferred foreign taxes.....	9,976	6,294
State income taxes.....	15,296	32,567
Merger charges.....	47,078	86,760
Fixed asset adjustments.....	11,788	18,364
Other, net.....	6,748	1,705
	-----	-----
Total deferred tax assets.....	141,115	200,173
	-----	-----
Deferred tax liabilities:		
Deferred gain on discontinued operations.....	51,421	5,753
Unrealized gain on marketable securities.....	85,273	48,181
	-----	-----
Total deferred tax liabilities.....	136,694	53,934
	-----	-----
Total net deferred tax assets.....	4,421	146,239
Valuation reserve due to foreign losses.....	(11,615)	(11,411)
	-----	-----
Total net deferred tax assets (liabilities), net of valuation reserve.....	\$ (7,194)	\$134,828
	=====	=====

</TABLE>

We have provided a valuation reserve related to the benefit of losses in our foreign subsidiaries that we believe are unlikely to be realized.

14. SIGNIFICANT CUSTOMER INFORMATION

One distributor accounted for 15% of net revenue in fiscal 1998, 16% of net revenue in fiscal 1999 and 10% of net revenue in fiscal 2000.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. LOAN FEES AND GAINS AND LOSSES ON THE SALE OF MORTGAGES

Loans fees and gains and losses on the sale of mortgages for the years ended July 31, 1998, 1999 and 2000 were comprised of the following components:

<TABLE>			
<CAPTION>			
	1998	1999	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Gain on loan sales.....	\$69,390	\$66,219	\$30,391
Net loan origination fees.....	15,826	14,267	11,276
Provision for premium recapture.....	(815)	(190)	(9)
	-----	-----	-----
	\$84,401	\$80,296	\$41,658
	=====	=====	=====

</TABLE>

16. REORGANIZATION

Prior to Intuit's acquisition of Rock in December 1999, Rock had evaluated the performance of certain retail mortgage branches and made a decision in December 1998, to close nine branches that had been generating operating losses and negative cash flow. Reorganization costs incurred in connection with the branch closings were \$2 million in fiscal 1998 and 1999 and \$3.5 million in fiscal 2000, and primarily consisted of fixed asset write-offs, ongoing lease commitments, and severance pay for terminated employees. See Note 1 for more information about our basis of presentation.

17. LITIGATION

On March 3, 2000 a class action lawsuit, Bruce v. Intuit Inc., was filed in the United States District Court, Central District of California, Eastern Division. Two virtually identical lawsuits were later filed: Rubin v. Intuit Inc., was filed on March 8, 2000 in the United States District Court, Southern District of New York and Newby v. Intuit Inc. was filed on April 27, 2000, in the United States District Court, Central District of California, Eastern Division. A similar lawsuit, Almanza v. Intuit Inc. was filed on March 22, 2000 in the Superior Court of State of California, San Bernadino County, Rancho Cucamonga Division. The Bruce and Newby lawsuits were then consolidated into one lawsuit, In re Intuit Privacy Litigation, filed on July 28, 2000 in the United States District Court of California, Eastern Division. These purported class actions allege violations of various federal and California statutes and common law claims for invasion of privacy based upon the alleged intentional disclosure to third parties of personal and private customer information entered at Intuit's Quicken.com website. The complaints seek injunctive relief, orders to disgorge profits related to the alleged acts, and statutory and other damages. Intuit believes these lawsuits are without merit and intends to defend the

litigation vigorously.

In addition, on April 19, 2000, Bosch v. Intuit Inc. was filed in the Superior Court, State of California, County of Los Angeles, Central District. This lawsuit alleges violations of California statutes for alleged false and deceptive advertising and unlawful business practices related to QuickBooks products and purchasing the Basic Payroll Service. In September 2000, the plaintiff voluntarily dismissed this lawsuit.

Intuit is subject to other legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business. We currently believe that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

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INTUIT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. RELATED PARTY TRANSACTIONS

At July 31, 2000, we held approximately 4% of Checkfree's outstanding common stock. In exchange for providing connectivity between Checkfree's bill payment processing service and our Quicken products, we reported revenues of \$14.1 million, \$6.1 million, and \$7.1 million from Checkfree for the years ended July 31, 1998, 1999, and 2000, respectively.

As of July 31, 2000, we held a 49% non-voting equity interest in Venture Finance Software Corp. ("VFSC"). We entered into agreements with VFSC to provide them with services related to on-going development of Web-oriented finance products. We received cost reimbursements of approximately \$17.1 million and \$23.8 million in fiscal 1999 and 2000 respectively, for development and administrative services provided in connection with this agreement. At July 31, 2000, we held a receivable due from VFSC of \$7.2 million. In August 2000, we acquired all of the outstanding securities of VFSC. See Note 20 of the financial statements.

19. SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA (UNAUDITED)

We accounted for the acquisitions of Rock and Title Source as a pooling of interests for accounting purposes and have restated all previously reported amounts to reflect the effect of the pooling.

<TABLE>
<CAPTION>

	FISCAL 1999 QUARTER ENDED			
	OCTOBER 31,		JANUARY 31,	
	RESTATED	AS PREVIOUSLY REPORTED	RESTATED	AS PREVIOUSLY REPORTED
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
Net revenue.....	\$136,881	\$111,968	\$373,733	\$345,951
Cost of goods sold.....	40,801	37,019	72,131	67,712
All other costs and expenses.....	157,886	143,020	191,287	172,592
Net income (loss).....	(44,895)	(49,190)	93,125	89,857
Basic net income (loss) per share.....	(0.24)	(0.28)	0.49	0.50
Diluted net income (loss) per share.....	(0.24)	(0.28)	0.47	0.47

<TABLE>
<CAPTION>

	FISCAL 1999 QUARTER ENDED			
	APRIL 30,		JULY 31, (1)	
	RESTATED	AS PREVIOUSLY REPORTED	RESTATED	AS PREVIOUSLY REPORTED
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
Net revenue.....	\$261,492	\$239,701	\$168,329	\$149,948
Cost of goods sold.....	55,687	51,955	56,619	52,457
All other costs and expenses.....	155,767	142,077	175,692	160,850
Net income (loss).....	75,351	72,555	262,983	263,327
Basic net income (loss) per share.....	0.39	0.39	1.34	1.41
Diluted net income (loss) per share.....	0.37	0.37	1.29	1.35

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

<TABLE>
<CAPTION>

	FISCAL 2000 QUARTER ENDED				
	OCTOBER 31,	JANUARY 31,	APRIL 30,	JULY 31, (2)	
	RESTATED	AS PREVIOUSLY REPORTED			
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
Net revenue.....	\$176,928	\$163,058	\$425,499	\$329,139	\$162,259
Cost of goods sold.....	58,871	57,099	95,555	77,647	59,109
All other costs and expenses.....	209,314	190,630	247,348	190,979	171,866
Net income (loss).....	(65,861)	(61,729)	57,292	297,085	17,145
Basic net income (loss) per share.....	(0.33)	(0.33)	0.29	1.47	0.08
Diluted net income (loss) per share.....	(0.33)	(0.33)	0.27	1.39	0.08

- (1) Includes a realized pre-tax gain of \$422.1 million from the sale of Excite shares, a realized pre-tax gain of \$125.3 million from the conversion of Excite common shares to common shares of Excite@Home, and a realized pre-tax valuation loss of \$36.7 million at July 31, 1999.
- (2) Includes a realized pre-tax gain of \$505.1 million and \$15.4 million from the sales of Checkfree shares and Homestore.com shares, respectively, at July 31, 2000.

20. SUBSEQUENT EVENTS (UNAUDITED)

On August 30, 2000, we purchased all of the outstanding securities of VFSC that were not already held by Intuit for approximately \$119 million in cash (including approximately \$4.5 million in option exercise and tax payments in connection with VFSC options exercised immediately prior to the purchase). The acquisition will be treated as a purchase for accounting purposes and will be recorded in the first quarter of fiscal 2001. We expect approximately \$111 million of the purchase price will be allocated to intangible assets, which will result in amortization expenses over future periods.

We participated in the formation of VFSC in May 1998 in order to facilitate the development of certain Web-oriented finance products. Intuit acquired a 49% non-voting equity interest and an option (the "Option") to purchase all of the other outstanding securities of VFSC. In exchange for this equity interest, Intuit granted VFSC a license of certain technology and intellectual property rights and agreed with VFSC not to compete in certain areas of server-based personal finance for a period of ten years. Intuit purchased the shares of VFSC pursuant to the exercise of the Option. From May 1998 through August 2000, VFSC received approximately \$54.5 million in funding from several other investors. See Note 18 for more information regarding VFSC.

Eric Dunn, who was Senior Vice President and Chief Technology Officer of Intuit through July 31, 2000, as well as VFSC's President and a director of VFSC, was an option holder of VFSC. He exercised his options immediately prior to the closing of Intuit's acquisition of VFSC. He received \$5.7 million from Intuit for his VFSC shares, net of the aggregate exercise price for his option (\$1.4 million) and withholding taxes (\$3.1 million).

Other shareholders of VFSC included venture capital funds managed by Kleiner Perkins Caufield & Byers, of which L. John Doerr, a director of Intuit, is a general partner. These funds received approximately \$2.4 million from Intuit for their VFSC shares. The aggregate original purchase price for the shares held by the Kleiner Perkins Caufield & Byers funds was \$1.2 million.

SCHEDULE II

INTUIT INC.

VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	WRITE-OFFS	BALANCE AT END OF PERIOD

(IN THOUSANDS)

	<C>	<C>	<C>	<C>
<S>				
Year ended July 31, 1998				
Allowance for doubtful accounts.....	\$ 4,769	\$ 3,948	\$ (2,747)	\$ 5,970
Reserve for returns and exchanges.....	\$36,310	\$80,602	\$ (56,569)	\$60,343
Year ended July 31, 1999				
Allowance for doubtful accounts.....	\$ 5,970	\$ 7,503	\$ (1,053)	\$12,420
Reserve for returns and exchanges.....	\$60,343	\$89,093	\$ (75,481)	\$73,955
Year ended July 31, 2000				
Allowance for doubtful accounts.....	\$12,420	\$ 4,884	\$ (8,286)	\$ 9,018
Reserve for returns and exchanges.....	\$73,955	\$48,077	\$ (61,053)	\$60,979

</TABLE>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information about directors that is required by this Item is incorporated by reference to our Proxy Statement for our December 2000 Annual Meeting of Stockholders. Information about executive officers that is required by this Item can be found in Item 4A.

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference to our Proxy Statement for our December 2000 Annual Meeting.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference to our Proxy Statement for our December 2000 Annual Meeting.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference to our Proxy Statement for our December 2000 Annual Meeting.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

1. Financial Statements -- See Index to Consolidated Financial Statements in Part II, Item 8.

2. Financial Statement Schedules -- See Index to Consolidated Financial Statements in Part II, Item 8.

3. Exhibits

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

DESCRIPTION

<S> <C>

2.01(1)	Amended and Restated Registration Rights Agreement dated as of September 15, 1996 between Intuit and Checkfree Corporation
2.02(2)	Asset Purchase Agreement by and among Lacerte Software Corporation, Lacerte Educational Services Corporation, Intuit Inc. and IL Acquisition Corporation, dated May 18, 1998
2.03(3)	Exchange Agreement dated as of March 2, 1999 by and among Intuit Inc., Computing Resources, Inc., Ranson W. Webster and Harry D. Hart and Amendment No. 1 thereto dated April 30, 1999
2.04(15)	Agreement and Plan of Merger among Intuit, Merger Sub 1, Inc., Merger Sub 2, Inc., Rock Financial Corporation and Title Source, Inc., dated October 6, 1999 (schedules and similar attachments will be furnished to the Commission upon request)
2.05(25)	Stock Sale and Purchase Agreement dated August 30, 2000 by and among Intuit, Venture Finance Software Corp. and certain security holders of Venture Finance Software Corp.
3.01(24)	Restated Intuit Certificate of Incorporation dated as of January 19, 2000
3.02(18)	Second Amended and Restated Rights Agreement, dated October

15, 1999
3.03(7) Bylaws of Intuit, as amended and restated effective April 29, 1998
4.01* Form of Specimen Certificate for Intuit's Common Stock
4.02(6) Form of Right Certificate for Series B Junior Participating Preferred Stock (included in Exhibit 3.02)
10.01(4)+ Intuit 1988 Stock Option Plan and related documents
</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----
<S>	<C>
10.02(8)+	1992 Stock Option Plan of ChipSoft and related documents
10.03(18)+	Rock Financial Corporation Amended and Restated 1996 Stock Option Plan and related documents
10.04(21)+	Boston Light Software Corp. 1999 Amended and Restated Stock Option/Stock Issuance Plan and related documents
10.05(22)+	The Hutchinson Avenue Software Corporation Stock Option Plan and related documents
10.06(19)+	Intuit Inc. 1993 Equity Incentive Plan and related documents, as amended through November 30, 1999
10.07(23)+	Intuit Inc. 1996 Employee Stock Purchase Plan, as amended through January 19, 2000
10.08(20)+	Intuit Inc. 1996 Directors Stock Option Plan, and related documents, as amended through November 30, 1999
10.09(4)+	Intuit's form of Non-Plan Non-Qualified Stock Option Agreement
10.10(9)+	Intuit Inc. 1998 Option Plan for Mergers and Acquisitions, as amended through April 28, 1999 and related documents
10.11(16)+	Intuit Inc. Form of Amendment to All Stock Options Outstanding at February 19, 1999
10.12(5)+	Letter Agreement of Employment dated March 30, 1994 between Intuit and William V. Campbell
10.13(23)+	Employment Agreement dated January 21, 2000 between Intuit and Stephen M. Bennett
10.14(23)+	Restricted Stock Purchase Agreements, dated January 24, 2000 between Intuit and Stephen M. Bennett
10.15(23)+	Confidential Agreement and General Release of Claims between Intuit Inc. and William H. Harris, Jr., dated September 23, 1999
10.16(24)+	Separation Agreement between Intuit and Mark Goines dated March 9, 2000
10.17(24)+	Separation Agreement between Intuit and James Heeger dated May 2, 2000
10.18(4)	Form of Indemnification Agreement entered into by Intuit with each of its directors and certain executive officers
10.19*	Supply Agreement effective as of January 1, 2000 by and between Intuit Inc. and John H. Harland Company
10.20(11)	Stock Purchase and Option Agreement by and between Security First Technologies Corporation and Intuit Inc., dated as of May 16, 1999
10.21(16)	Master Agreement between Intuit Inc. and Modus Media International, Inc., dated as of August 31, 1999
10.22(12)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2700 Coast Drive, Mountain View, California to commence on January 1, 1999
10.23(12)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2750 Coast Drive, Mountain View, California to commence on January 1, 1998
10.24(12)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2475 Garcia Drive, Mountain View, California
10.25(12)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2525 Garcia Drive, Mountain View, California
10.26(12)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2535 Garcia Drive, Mountain View, California
10.27(13)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2500 Garcia Drive, Mountain View, California
10.28(13)	Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2550 Garcia Drive, Mountain View, California
10.29(6)	Lease Agreement dated as of January 7, 1998 between Intuit and Charleston Properties for 2650 Casey Drive, Mountain View, California
10.30*	Lease Agreement dated as of April 30, 1999 between Intuit and Charleston Properties for 2675 Coast Drive, Mountain View, California

10.31*	Lease Agreement dated as of March 29, 1999 between Intuit and various parties as Landlord for 2632 Marine Way, Mountain View, California
10.32 (24)	Lease Agreement dated January 31, 2000 between Intuit and Broderick Way Partners, LLC for 2700 Broderick Way, Mountain View, California
10.33(14)	Build-to-Suit Lease Agreement dated as of June 9, 1995 as amended April 14, 1998 between Intuit and Kilroy Realty Corporation, successor to UTC Greenwich Partners, a California limited partnership for 6200 and 6220 Greenwich, San Diego, California
10.34*	Lease Agreement dated as of July 2, 1997 between Intuit and Spieker Properties, L.P. for 6060 Nancy Ridge Road, San Diego, California

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----
<S>	<C>
10.35(24)	Consent to Sublease Agreement dated March 31, 2000 among Intuit Inc. as subtenant, Spieker Properties, L.P. and Franklin Templeton Corporate Services, Inc. for Eastgate Mall, San Diego, California
10.36(6)	Offer to Purchase Real Estate Agreement dated as of October 14, 1997, as amended on December 5, 1997, between Intuit Inc. and General American Life Insurance Company, for property located at 110 Juliad Court, Fredericksburg, Virginia (purchase and sale agreement)
10.37(6)	Build-to-Suit Lease Agreement dated as of April 8, 1998, between Intuit and TACC Investors, LLC for property located at 2800 East Commerce Center Place, Tucson, Arizona
10.38(16)	Deed of Lease dated as of July 27, 1999 between Intuit and Waterfront I Corporation for 44 Canal Center Plaza, Alexandria, Virginia
10.39(16)	Lease Agreement dated as of June 1, 1993 between Intuit as successor in interest to Computing Resources, Inc. who is successor in interest to Pioneer Bank and Dermody Properties for 5400 Equity Avenue, Reno, Nevada
10.40(16)	Lease Agreement dated as of January 1, 1994 between Intuit as successor in interest to Computing Resources, Inc. and 1285 Financial Boulevard, Inc. for 1285 Financial Boulevard, Reno, Nevada
10.41*	Lease Agreement dated as of February 28, 1999 between Intuit's CRI subsidiary and 1225 Financial Boulevard, Inc. for 1225 Financial Boulevard, Reno, Nevada
10.42(16)	Lease Agreement dated as of January 1, 1996 between Intuit as successor in interest to Computing Resources, Inc. and 565 Rio Vista Drive, Inc. for 565 Rio Vista Drive, Fallon, Nevada
10.43(16)	Sublease Agreement and Amendments between Lacerte Software Corporation and Oryx Energy Company for 13155 Noel Road, Suite 2200, Dallas, Texas
10.44(24)	Office Lease Agreement dated February 22, 2000 between Lacerte Software Corporation and KCD-TX 1 Investment Limited Partnership for office space in Plano, Texas
10.45(17)+	Non-Competition Agreement by and among Intuit, Rock Financial Corporation and Daniel Gilbert, dated October 6, 1999
21.01*	List of Intuit's Subsidiaries
23.01*	Consent of Ernst & Young LLP, Independent Auditors
23.02*	Consent of KPMG LLP, Independent Auditors
24.01*	Power of Attorney (see signature page)
27.01*	Financial Data Schedule (filed only in electronic format)

</TABLE>

- -----
+ Indicates a management contract or compensatory plan or arrangement

* Filed with this Form 10-K

(1) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 1997, filed with the Commission on March 14, 1997 and incorporated by reference

(2) Filed as an exhibit to Intuit's Form 8-K, Amendment No. 1, filed with the Commission on May 19, 1998 and incorporated by reference

(3) Filed as an Exhibit to Intuit's Form 8-K filed with the Commission on May 7, 1999 and incorporated by reference

- (4) Filed as an exhibit to Intuit's Registration Statement on Form S-1, filed with the Commission on February 3, 1993, as amended (File No. 33-57884) and incorporated by reference.
- (5) Filed as an exhibit to Intuit's Form 10-K as originally filed with the Commission on October 31, 1994, as amended, and incorporated by reference
- (6) Filed as an Exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1998, filed with the Commission on October 6, 1998 and incorporated by reference
- (7) Filed as an exhibit to Intuit's Form 8-K filed with the Commission on May 2, 1998 and incorporated by reference
- (8) Filed as an exhibit to the ChipSoft Form S-1 registration statement filed with the Commission on February 24, 1993 (file No. 33-57692) and incorporated by reference
- (9) Filed as an Exhibit to Intuit's Registration Statement on Form S-8, filed with the Commission on May 7, 1999 and incorporated by reference
- (10) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended October 31, 1995, filed with the Commission on December 14, 1995 and incorporated by reference
- (11) Filed as an Exhibit to Intuit's Form 10-Q for the quarter ended April 30, 1999 and incorporated by reference
- (12) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 1995, filed with the Commission on March 17, 1995 and incorporated by reference

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- (13) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1997, filed with the Commission on October 15, 1997 and incorporated by reference
- (14) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1995, filed with the Commission on October 30, 1995 and incorporated by reference
- (15) Filed as an exhibit to Intuit's Form S-4 registration statement (file no. 333-90393), filed with the Commission on November 5, 1999 and incorporated by reference
- (16) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1999, filed with the Commission on October 12, 1999 and as amended October 27, 1999
- (17) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended October 31, 1999, filed with the Commission on December 14, 1999
- (18) Filed as an exhibit to Intuit's Form S-8 registration statement (file no. 333-92503), filed with the Commission on December 10, 1999 and incorporated by reference
- (19) Filed as an exhibit to Intuit's Form S-8 registration statement (file no. 333-92517), filed with the Commission on December 10, 1999 and incorporated by reference
- (20) Filed as an exhibit to Intuit's Form S-8 registration statement (file no. 333-92515), filed with the Commission on December 10, 1999 and incorporated by reference
- (21) Filed as an exhibit to Intuit's Form S-8 registration statement (file no. 333-84385), filed with the Commission on August 2, 1999 and incorporated by reference
- (22) Filed as an exhibit to Intuit's Form S-8 registration statement (file no. 333-85349), filed with the Commission on August 17, 1999 and incorporated by reference
- (23) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 2000, filed with the Commission on March 16, 2000 and incorporated by reference
- (24) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended April 30, 2000, filed with the Commission on June 14, 2000
- (25) Filed as an Exhibit to Intuit's Form 8-K filed with the Commission on September 13, 2000 and incorporated by reference.

(b) Reports on Form 8-K

1. On November 24, 1999, Intuit filed a report on Form 8-K to report under Item 5 its financial results for the quarter ended October 31, 1999. Intuit's balance sheet and statement of operations as of and for the three months ended October 31, 1999 were included in the 8-K.
2. On January 25, 2000, Intuit filed a report on Form 8-K to report under Item 5 that the Board of Directors had selected Stephen M. Bennett as the President and Chief Executive Officer of Intuit effective as of January 24, 2000.
3. On September 13, 2000, Intuit filed a report on Form 8-K to report under Item 5 that it had completed the acquisition of Venture Finance Software Corp. No financial statements were filed with the report.

(c) Exhibits

See Item 14(a)(3) above.

(d) Financial Statement Schedules

See Item 14(a)(2) above.

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SIGNATURES

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

INTUIT INC.

Dated: October 13, 2000

By: /s/ GREG J. SANTORA

 Greg J. Santora
 Senior Vice President and Chief
 Financial Officer
 (Principal Financial and Accounting
 Officer)

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POWER OF ATTORNEY

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

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

<TABLE>
 <CAPTION>

NAME ----	TITLE -----	DATE ----
<C> PRINCIPAL EXECUTIVE OFFICER: /s/ STEPHEN M. BENNETT ----- Stephen M. Bennett	<C> President, Chief Executive Officer and Director	<S> October 13, 2000
PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL ACCOUNTING OFFICER: /s/ GREG J. SANTORA ----- Greg J. Santora	Senior Vice President and Chief Financial Officer	October 13, 2000
ADDITIONAL DIRECTORS: /s/ CHRISTOPHER W. BRODY ----- Christopher W. Brody	Director	October 13, 2000

/s/ WILLIAM V. CAMPBELL ----- William V. Campbell	Chairman of the Board of Directors	October 13, 2000
/s/ SCOTT D. COOK ----- Scott D. Cook	Director	October 13, 2000
----- L. John Doerr	Director	October , 2000
/s/ DONNA L. DUBINSKY ----- Donna L. Dubinsky	Director	October 13, 2000
/s/ MICHAEL R. HALLMAN ----- Michael R. Hallman	Director	October 13, 2000
/s/ WILLIAM H. HARRIS, JR. ----- William H. Harris, Jr.	Director	October 13, 2000
/s/ BURTON J. MCMURTRY ----- Burton J. McMurtry	Director	October 13, 2000

</TABLE>

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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	<C>
<C>	<S>	<C>
4.01	Form of Specimen Certificate for Intuit's Common Stock	
10.19	Supply Agreement effective as of January 1, 2000 by and between Intuit Inc. and John H. Harland Company	
10.30	Lease Agreement dated as of April 30, 1999 between Intuit and Charleston Properties for 2675 Coast Drive, Mountain View, California	
10.31	Lease Agreement dated as of March 29, 1999 between Intuit and various parties as Landlord for 2632 Marine Way, Mountain View, California	
10.34	Lease Agreement dated as of July 2, 1997 between Intuit and Spieker Properties, L.P. for 6060 Nancy Ridge Road, San Diego, California	
10.41	Lease Agreement dated as of February 28, 1999 between Intuit's CRI subsidiary and 1225 Financial Boulevard, Inc. for 1225 Financial Boulevard, Reno, Nevada	
21.01	List of Intuit's Subsidiaries	
23.01	Consent of Ernst & Young LLP, Independent Auditors	
23.02	Consent of KPMG LLP, Independent Auditors	
24.01	Power of Attorney (see signature page)	
27.01	Financial Data Schedule (filed only in electronic format)	

</TABLE>

[INTUIT LOGO]

NUMBER

SHARES

INTU

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

CUSIP 461202 10 3

SEE REVERSE FOR CERTAIN
DEFINITIONS AND LEGENDS

Is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK,
PAR VALUE \$0.01 PER SHARE, OF

INTUIT INC.

transferable on the books of the Corporation by the holder hereof in person or
by duly authorized attorney on surrender of this certificate properly endorsed.
This certificate is not valid until countersigned and registered by the
Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile
signatures of its duly authorized officers.

Dated:

COUNTERSIGNED AND REGISTERED

AMERICAN STOCK TRANSFER & TRUST COMPANY

TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED SIGNATURE

/s/ STEPHEN M. BENNETT

[INTUIT INC. SEAL]

/s/ CATHERINE VALENTINE

PRESIDENT AND
CHIEF EXECUTIVE OFFICER

INCORPORATED

VICE PRESIDENT, GENERAL
COUNSEL AND SECRETARY

FEBRUARY 1,
1993

DELAWARE

The Corporation is authorized to issue Common Stock and Preferred Stock.
The Board of Directors of the Corporation has authority to determine the
authorized number of shares of each series of Preferred Stock and to determine
or alter the rights, preferences, privileges and restrictions granted to or
imposed upon any wholly unissued series of Preferred Stock, and to increase or
decrease (but not below the number of shares of such series then outstanding)
the number of shares of any series subsequent to the issue of shares of that
series.

A statement of the rights, preferences, privileges and restrictions
granted to or imposed upon the respective classes or series of shares and the
number of shares constituting each class and series, and the designations
thereof, may be obtained by the holder hereof upon request and without charge
from the Secretary of the Corporation at the principal office of the
Corporation.

This certificate also evidences and entitles the holder hereof to certain
rights (the "Rights") as set forth in a Rights Agreement between Intuit Inc.
and American Stock Transfer & Trust Company, dated as of May 1, 1998, as such
may subsequently be amended (the "Rights Agreement"), the terms of which are
hereby incorporated herein by reference and a copy of which is on file at the
principal executive offices of Intuit Inc. Under certain circumstances, as set
forth in the Rights Agreement, such rights will be evidenced by separate
certificates and will no longer be evidenced by this certificate. Intuit Inc.
will mail to the holder of this certificate a copy of the Rights Agreement

without charge after receipt of a written request therefor. As described in Section 11(a)(ii) of the Rights Agreement, Rights beneficially owned by any person who becomes an Acquiring Person (as defined in the Rights Agreement) and certain other persons shall become null and void.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - Custodian

(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

----- Shares of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

----- Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15

SUPPLY AGREEMENT

This Supply Agreement (hereafter, this "AGREEMENT") is made and entered into as of January 1, 2000 (the "EFFECTIVE DATE") by and between INTUIT INC., a Delaware corporation (hereafter, "INTUIT") and the JOHN H. HARLAND COMPANY, a Georgia corporation (hereafter, "HARLAND").

RECITALS

- A. Intuit develops and markets financial and other software products, and also markets custom printed forms (such as checks and invoices) and other related supplies to its customers for use in conjunction with certain Intuit software products. Harland is a printer and supplier of checks, invoices and other forms that it distributes primarily through third parties, such as software companies, retail establishments, and financial institutions. From time to time, Harland distributes its products directly to end customers. Harland has supplied checks and invoices to Intuit since 1989.
- B. Intuit and Harland entered into a Supply Agreement as of August 23, 1995 (the "PRIOR AGREEMENT").
- C. Intuit and Harland now wish to enter into this Agreement, which will replace and supersede the Prior Agreement, pursuant to which Harland will perform its obligations under this Agreement so as to maintain the high level of service to Intuit that Harland has historically provided to Intuit. In addition, the parties recognize that as the market for software-compatible forms becomes increasingly competitive, service, quality and price will be increasingly important competitive factors in the success of the Intuit/Harland business relationship. Accordingly, this Agreement is intended to reflect Intuit's business need for continuous improvement in quality, turnaround time, customer service and price.

NOW THEREFORE, the parties hereby agree as follows:

GENERAL TERMS

1. CERTAIN DEFINITIONS. As used in this Agreement, certain terms will have the meanings defined for such terms in Appendix 1 hereto.
2. TERM. The "TERM" of this Agreement means the time period beginning on the Effective Date and ending on the earlier of (i) August 31, 2005, or (ii) the date this Agreement is terminated in accordance with the provisions of Section 45 hereof, provided however, that if this Agreement is renewed in accordance with the provisions of Section 43 (OPTION TO RENEW), then the "Term" shall include any term for which this Agreement is renewed pursuant to Section 43 hereof.
3. RESPONSIBILITY OF HARLAND.
 - (a) Responsibilities of Harland. Harland acknowledges and agrees with Intuit that Harland is and shall remain fully liable and responsible for: (i) the performance of all Harland's obligations under this Agreement, whether such obligations are performed by Harland and/or any other person or entity who acts as Harland's agent or otherwise acts for, under the direction of, or on behalf of Harland, and (ii) any acts or omissions of Harland and/or any other person or entity who acts as Harland's agent or otherwise acts for, under the direction of, or on behalf of Harland.
 - (b) Employment of Harland Personnel. Harland will employ Martin Kerner and cause him to be the Harland manager primarily responsible for producing Intuit's work and managing the performance of Harland's duties and obligations to Intuit under this Agreement as long as he is employed by Harland.
 - (c) Dedicated Harland Personnel. Beginning no later than August 1, 2000, and continuing throughout the term of this Agreement, Harland will maintain a staff of employees dedicated to the Intuit FSG account. This staff will include, but not be limited to, dedicated resources for:
 - (i) systems analysis and programming (at least two FTEs);
 - (ii) account management (at least one FTE);
 - (iii) Bank File maintenance (at least 1/2 FTE); and

(iv) marketing (product development and compliance);

who are reasonably acceptable to Intuit.

(d) Succession of Management. During the term of this Agreement, Harland shall consult with Intuit regarding and allow Intuit to review any material changes in the responsibility for producing Intuit's work and managing the performance of Harland's duties and obligations to Intuit under this Agreement.

4. EXCLUSIVITY AND NEGOTIATION RIGHTS.

(a) Exclusive Intuit Products. As a material inducement to Harland to enter into this Agreement and subject to subsection (b) below, Intuit agrees that during the Term Harland shall be Intuit FSG's (as defined in Appendix 1) exclusive supplier of the Exclusive Intuit Products (as defined in Appendix 1) that are sold and delivered to Customers located within the geographical boundaries of the United States of America and its territories, provided that Harland is not in default under this Agreement. Harland shall not be Intuit's exclusive supplier of any other Intuit Products (as defined in Appendix 1) except as may be subsequently agreed upon between Intuit and Harland in writing. Nothing herein will prevent Intuit from purchasing (or ordering) printed checks, invoices, other forms, or other products

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from any other party for distribution to Customers located outside the geographic boundaries of the United States of America and its territories.

(b) Sales to Franchises. To the extent that Intuit FSG wishes to have a supplier provide it with Exclusive Intuit Products for sale to franchises, Intuit FSG will at its option either: (i) prior to negotiating with any third party suppliers, negotiate in good faith with Harland regarding Harland supplying such Exclusive Intuit Products for such purpose; or (ii) first simultaneously negotiate in good faith with Harland and with one or more other suppliers regarding either Harland supplying such Exclusive Intuit Products for such purpose, or one or more of such other suppliers supplying such Exclusive Intuit Products for such purpose.

(c) Other Products. To the extent that, at any time during the term of this Agreement, Intuit FSG wishes to have a supplier provide it with products, other than the Exclusive Products, that Harland at such time is also offering for sale to Customers, Intuit FSG will at its option either: (i) prior to negotiating with any third party suppliers, negotiate in good faith with Harland regarding Harland supplying such products to Intuit; or (ii) first simultaneously negotiate in good faith with Harland and with one or more other suppliers regarding either Harland supplying such products to Intuit, or one or more of such other suppliers supplying such products to Intuit.

5. CONFIDENTIALITY OF TERMS OF AGREEMENT AND PURCHASE INFORMATION. The terms of this Agreement, including without limitation prices and Order volumes, is confidential and may not be released by either party to anyone (other than employees, counsel or others having a bona fide need to know who have signed confidentiality agreements with the party in question) without the prior written consent of the other party; except that, to the extent that a party to this Agreement is legally required to disclose terms of this Agreement under applicable law, rule, regulation or order of any court or governmental authority (including but not limited to disclosure made to comply with applicable state and federal securities laws and securities reporting requirements, disclosure required by Court order or otherwise legally required), such party may disclose such terms and information that are, in the good faith opinion of its legal counsel, legally required to be disclosed without obtaining the other party's prior written consent to such disclosure. If such disclosure is legally required, the disclosing party shall use reasonable efforts to restrict such disclosure to the extent reasonably practicable, given the circumstances. The provisions of this Section shall bind Harland and each of its present and future affiliates.

6. CONFIDENTIALITY OF SUPPLY. Harland, on behalf of itself and its present and future affiliates covenants with Intuit that it will not disclose to any Intuit Customers the source of supply of Products that Harland produces and ships for Intuit. Specifically, no reference to Harland, any affiliate of Harland, or any party other than Intuit may appear on any of the Intuit Products or on any shipping container, shipping label, reorder form or

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any other material the Customer may receive or perceive in connection with

delivery of his/her order.

7. OWNERSHIP AND CONFIDENTIALITY OF INTUIT CUSTOMER INFORMATION.

- (a) Harland, on behalf of itself and its present and future affiliates recognizes that all information about Intuit's Customers, including but not limited to names of such Customers, names of contact persons at such Customers, addresses, telephone numbers, Bank names, Bank accounts, Customer Logos (as defined in Section 30(a)) and Intuit product ownership and order history is Intuit's sole and exclusive property and constitutes a valuable proprietary trade secret of Intuit. Harland, on behalf of itself and its present and future affiliates covenants and agrees to protect such information from disclosure to third parties and covenants not to use such information for any purpose other than for the printing and shipping of the Orders placed by Intuit under this Agreement as specified by Intuit in writing.
- (b) Harland will fully comply with Intuit's confidentiality and privacy policies as specified by Intuit from time to time.

8. OWNERSHIP AND CONFIDENTIALITY OF BANK FILE AND INTUIT SYSTEMS AND PROCESSES.

- (a) Harland, on behalf of itself and its present and future affiliates, acknowledges and agrees that:
 - (i) the information and data contained in the Bank File (as defined in Appendix 1) related to the formatting of customer and Bank information to prepare an order for printing; and
 - (ii) the information and data added to the Bank File during the term of this Agreement;are Intuit's confidential property and constitute a proprietary trade secret of Intuit (collectively "BANK FILE CONFIDENTIAL INFORMATION"). Harland covenants and agrees to hold all such Bank File Confidential Information in strict confidence and not to use such Bank File Confidential Information for any purpose other than as permitted by this Agreement. Exhibit C contains Harland's prior agreement to the foregoing, and Harland hereby assigns, transfers, and conveys to Intuit any and all of Harland's worldwide right, title, and interest in and to the Bank File Confidential Information, in any medium, and all copies thereof in whole or in part.
- (b) Harland, on behalf of itself and its present and future affiliates, acknowledges and agrees that Intuit's systems and processes (including, but not limited to, COSMOS) to which Harland has access in connection with the performance of its

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obligations under this Agreement are Intuit's confidential property and constitute a proprietary trade secret of Intuit ("INTUIT CONFIDENTIAL INFORMATION"). Harland covenants and agrees to hold all such Intuit Confidential Information in strict confidence and not to use such Intuit Confidential Information for any purpose other than as permitted by this Agreement.

9. OWNERSHIP AND CONFIDENTIALITY OF HARLAND SYSTEMS AND PROCESSES. Intuit, on behalf of itself and its present and future affiliates, acknowledges and agrees that: (i) Harland-specific knowledge of the technology employed to implement Direct-to-Plate savings; and (ii) specialized information and technology developed by Harland to produce check and related stationery items in an efficient and economical manner, are Harland's confidential property and constitute a proprietary trade secret of Harland ("HARLAND CONFIDENTIAL INFORMATION"). Intuit covenants and agrees to hold all such Harland Confidential Information in strict confidence and not to use such Harland Confidential Information for any purpose other than as permitted by this Agreement.

10. EXCLUSIONS OF CONFIDENTIAL INFORMATION. The confidentiality obligations set forth anywhere within this Agreement do not apply to information that: (i) is or becomes generally known or available by publication, commercial use or otherwise through no fault of the receiving party; (ii) is known to the receiving party at the time of disclosure without violation of any confidentiality restriction and without any restriction on the receiving party's further use or disclosure; (iii) is received from a third party without a confidentiality obligation; or (iv) is independently developed by the receiving party.

11. DIRECT ORDERS AND INQUIRIES. Neither Harland nor any of its affiliates will sell Intuit Products to anyone other than Intuit, unless specific advance written permission is given by Intuit. Harland and its affiliates will not

accept Orders or reorders for Intuit Products from any party other than Intuit or any of its affiliates and will refer all inquiries for same to Intuit. Harland and its affiliates will continue to take orders for products compatible with Intuit software provided that they are not printed on Intuit Base Stock and do not carry any Intuit Marks (as defined in Section 30(b)(i)) as branding.

PRODUCTION

12. PURCHASE ORDERS. For each Order that Intuit sends to Harland under this Agreement, Intuit shall provide Harland with an electronic transmission of the Customer information required to produce the Order or a purchase order in the form of a copy of the Customer's original Order. The format and process for exchanging the electronic Order transmission or purchase order, and the information each will contain, will be mutually agreed to by Intuit and Harland.
13. TYPESETTING, PRODUCTION, SHIPPING. Harland will be responsible for typesetting the custom information for each Order, acquiring materials (including Intuit

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Base Stock), formatting and printing the information and MICR lines as required, and shipping the Products directly to the Customer.

14. FORMAT AND CONTENTS OF PRINTED INFORMATION. The format and contents of the Customer's printed Order information shall be mutually agreed upon by Intuit and Harland, but it is understood that at a minimum the printed information will always adhere to generally accepted Bank standards including, but not limited to, ANSI x9.27 and x9.13 and the most recent ANSI or industry body imaging standard as required by the Customer's Bank and be reasonably readable by the Customer's Bank processing (reader/sorter) equipment.
15. BANK FILE MAINTENANCE. At Intuit's option: (a) Harland agrees to maintain the Bank File (as defined in Appendix 1), which provides account number validation, transit/routing validation and MICR line formatting by Bank and account type of and for Intuit Customers, on behalf of Intuit; and (b) the Bank File shall be managed, maintained and updated by Harland on behalf of Intuit and a copy of the physical database shall be located on Intuit premises and updated routinely to insure access to Customer information, all in accordance with Intuit's instructions.
16. MICR QUALITY. Harland warrants and guarantees to Intuit that the MICR line on all checks produced under this Agreement for Intuit Customers will adhere to generally accepted Bank standards, including but not limited to ANSI x9.27 and x9.13 and the most recent ANSI or industry body imaging standard. If for any reason the MICR line on the check does not meet the generally accepted Bank's standards, Harland will work with the Bank to make the necessary changes and reprint and reship the Order at Harland's sole cost and expense (including shipping).
17. PACKAGE INSERTS. Harland will enclose with each Order shipped under this Agreement a reorder form to be supplied or expressly pre-approved by Intuit in writing. No other articles or material (such as promotional literature) may be included in the package enclosing the shipped Order to a Customer except as expressly pre-approved by Intuit in writing. Intuit may request that Harland insert articles, including but not limited to promotional literature, in the Customer package. Intuit shall bear the material cost of such inserts and the costs of transporting them to Harland. The number, size, or shape of the inserts may require packaging that is different from that ordinarily used to package the underlying order item and order item quantity, in which case Intuit and Harland agree to negotiate a reasonable and mutually agreeable resolution.
18. TURNAROUND TIME.
 - (a) Harland shall process and ship each Order to the Customer within a specified standard time of receipt of such Order. Because timeliness of delivery to the Customer is an important competitive factor, as a material inducement to Intuit to enter this Agreement, Harland agrees to process and ship Intuit Orders received by

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Harland at least in accordance with the following timing/turnaround requirements, which are obligations of performance by Harland hereunder:

The average time in plant for all Orders for Standard Products shipped within any quarter shall be 24 hours or less. No more

than 5% of all Orders for Standard Products shipped within any quarter will be shipped in more than 48 hours. An additional 8 hours shall be added on a per order weighted average basis for prepress functions (i.e., editing, data entry, order entry, etc.) when preformed by Harland. Any day with unusual daily Order volumes for Standard Products (exceeding 30% variance from the previous 30 day average daily volumes) will be exempt from this service commitment. In addition, Orders that are in any way delayed due to Intuit systems issues or Intuit-caused errors shall be exempt from the foregoing calculation.

- (b) "ORDER RECEIVED BY HARLAND" or "RECEIPT OF THE ORDER BY HARLAND" shall mean: (i) the availability to Harland of the Order from Intuit's ordering system (including but not limited to COSMOS and its successors) after all prepress functions (i.e., editing, data entry, order entry, etc.) have been completely performed; and/or (ii) the availability to Harland of a complete Order (i.e. Order containing all required information such as product number, quantity, payment, imprint, etc.) from a Customer. An Order is "SHIPPED" when it is physically completed and ready for carrier pickup and has been recorded as such in Harland's production system. "TIME IN PLANT" shall mean the number of hours difference between the time the Order is shipped and the time the Order is received by Harland. "AVERAGE TIME IN PLANT" for a given quarter shall mean the sum of time in plant for all Orders shipped within the quarter divided by the total number of Orders shipped within the quarter.
- (c) For any consecutive three (3) month period ending on April 30, July 31, October 31, or January 31 during which Harland does not meet the turnaround requirements set forth above, Harland shall pay Intuit a fee of \$100,000 within thirty (30) days following the close of such three (3) month period. Should Harland not meet the applicable standard for one or more consecutive quarters, a material breach of this Agreement by Harland shall have occurred with consequences as described in Section 45.

19. STANDARD SHIPMENT METHODS. Harland will ship each completed Order to the Customer's address. Unless otherwise indicated on the purchase order or otherwise specified by Intuit (or unless otherwise expressly provided in this Agreement), shipping shall be via UPS ground (hereinafter "UPS GROUND") or comparable service where UPS ground is not available. Harland will have implemented a system so that 97% of Orders for Standard Products shipped to an address in the continental United States will be shipped by Harland from a location that, according to material published by UPS, is within three (3) business days of shipment via UPS ground of the addressee.

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Notwithstanding the foregoing, the selection of each shipping carrier will be subject to Intuit's approval.

20. ERROR CORRECTION.

- (a) Any Orders that have errors that are not the Customer's or Intuit's fault ("HARLAND ERRORS") shall be corrected, reprinted and reshipped by Harland within twenty-four (24) hours (not including Saturday, Sunday, or a nationally recognized holiday) after Harland receives notice of the error and the correct information by phone, electronic mail, electronic transmission, first class, certified or registered U.S. mail, or facsimile notice, and the corrected Order shall be shipped via a ground shipping method (UPS or comparable) or express shipping method (UPS Red Label or comparable) if requested by the Customer. Harland shall bear all printing and shipping costs of correcting, reprinting and reshipping such corrected Order.
- (b) In the event that the "Monthly Rerun Rate" (defined below) in any given calendar month exceeds one percent, Harland will pay to Intuit a fee equal to \$50.00 multiplied by the number of reruns in the given month, if any, in excess of one percent multiplied by the given calendar month's total order volume. "MONTHLY RERUN RATE" shall mean the percentage of rerun items shipped in a given month that were caused through Harland's fault based on the total number of items shipped in the given month.
- (c) If the reason for the Harland Error is a Cross-Shipment (i.e., shipping an Order to the wrong customer), then Harland shall pay a fee of \$100.00 to Intuit to reflect the added management time required and security measures demanded by Customers. In the case of any other Harland Errors, subject to Harland's reasonable agreement and approval on a case by case basis, Harland shall reimburse Intuit for any out-of-pocket expenses incurred by Intuit arising from such Harland Errors, including, but not limited to, commercially reasonable payments that Intuit makes to Customers in connection with Customer claims arising from such Harland Errors.

- (d) If the error in an Order is Intuit's fault or the Customer's fault, then Harland shall reprint and reship the Order via express shipping within twenty-four (24) hours of being notified of the error and Intuit shall bear the cost of reprinting, reshipping and the rush charge (see Exhibit A) of such Order.
- (e) Notwithstanding the foregoing, the selection of each shipping carrier and shipping method will be subject to Intuit's approval.

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- 21. RUSH SHIPMENTS. At Intuit's request, Harland will provide "rush" service for an individual Standard Order. Rush Orders received by Harland (as defined in Section 18) by 11:00 AM Pacific time will be produced and shipped the same day. Rush Orders received by Harland after 11:00 AM Pacific time will be produced and shipped the following Business Day. If Harland commits to rush an Order and such Order is not completed and sent out as promised, then Harland shall pay for the overnight shipping of the Order to the Customer and an additional fee of \$30.00 to cover the added fulfillment costs, and shall waive payment of the Customer Rush charge (see Exhibit A) by Intuit for that Order.
- 22. SERVICE FAILURES. If, for a reason that is attributable to Harland, Harland is unable to ship an Order according to the then-current timeliness standard, then the Order will be shipped using an overnight delivery service approved by Intuit (such as UPS Red Label or Federal Express). In such event, the difference in cost between the express service and the service requested on the purchase Order shall be borne solely by Harland.

In the event of a service failure resulting from a storm, natural disaster, labor strike, transportation strike, computer failure, or related down time associated from power outages, the service and timeliness standards of this Agreement shall be suspended during such service failure and Intuit and Harland agree to work together to resolve the given situation as it may occur.

- 23. QUALITY IMPROVEMENT. Quality improvement is critical to Intuit's long-term success and Intuit intends to significantly reduce both Customer errors and internal Intuit errors. Intuit expects that Harland will reduce its production and shipping errors by actively deploying Total Quality Management philosophy, training and practices in its operations. Intuit and Harland agree to meet quarterly during the Term of this Agreement to review key operating measures and programs designed to continually improve performance. Any sustained (over two or more quarters) significant degradation of performance in key operating performance (for example, continually increasing Harland induced errors) can be considered a material breach of this Agreement by Harland with consequences as described in Section 45. Intuit must provide written notice of any such significant degradation of performance as part of the quarterly review.

Intuit must make reasonable efforts to provide, in writing, 90 days in advance, notice to Harland of any new version of software or promotion which could significantly change the order volume of Intuit Products. In addition, Intuit must make reasonable efforts to provide Harland with non-binding annual projections for Intuit Products.

Both parties are responsible for engaging in a planning process that will maximize the opportunities to meet service/quality thresholds and exceed customer expectations. At a minimum, Intuit and Harland agree to meet quarterly to review performance and establish future objectives. The locations and times of these meetings will be mutually agreed upon.

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- 24. CALL CENTER SUPPORT. Harland will maintain phone support for Intuit sales representatives. The minimum hours of support include the hours of 5:00am to 6:00pm (Pacific Standard Time) on Business Days. Hours are to be extended to later hours or weekends during peak business times of the year as agreed to by Harland and Intuit. Extended hours are subject to an additional service charge as set forth in Exhibit A. During the hours of support, Harland will answer calls from Intuit representatives with an average speed of answer of 30 seconds or less for 80% of the calls. The longest call waiting is not to exceed 5 minutes.
- 25. ORDER CLARIFICATION. For the service charge for Order Clarification as set forth in Exhibit A Harland will make up to three contact attempts followed by one mailing to a Customer for an incomplete or unclear Order (e.g., Order missing product numbers, quantity, payment, or imprint). The contact attempts are to be made within the following periods: one day of receipt (first attempt), three days of receipt (second attempt), and one week of receipt (third attempt). The mailing is to be sent if there is no response from the Customer after ten days of receipt of the Order, the postage for

which is to be borne by Intuit. An Order is to be held for up to 3 weeks or as specified by Intuit after which the Order is sent back to the Customer.

26. ELECTRONIC BILLING. Harland will provide billings in an electronic format as agreed to by both Harland and Intuit. The minimum fields includes: (i) invoice number, (ii) invoice date, (iii) Intuit Order number (where applicable), (iv) product or service description, (v) freight carrier (where applicable), and (vi) amount.
27. ELECTRONIC ORDER PROCESSING. Harland will maintain and make enhancements where applicable in its production systems such that: (i) the minimum percentage of Direct-to-Plate Orders of Standard Products compared to total Orders of Standard Products is 90%; and (ii) the maximum Order reject rate for Orders of Standard Products coming from Intuit's order system (including but not limited to COSMOS and its successors) is less than 1%, provided Harland is given reasonable notice of Intuit-initiated system changes.
28. LIQUIDATED DAMAGES. Harland acknowledges that the compensation set forth in Sections 18, 20, and 21 are not a penalty and that such compensation is reasonable. Harland further acknowledges that it is impractical and extremely difficult to ascertain the actual amount of monetary damages incurred by Intuit for violation or breach of the provisions set forth in Sections 18, 20 and 21. This Section applies only to damages for breach of contract arising out of violation or breach of the provisions of Sections 18, 20 and 21 by Harland under this Agreement. Moreover, to the extent this Agreement provides for such compensation, the right to require payment of such compensation shall be the sole damages for such error or breach. Except for such damages, Intuit reserves and retains any and all rights and remedies available under this Agreement or otherwise.

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Intuit and Harland agree to meet quarterly to monitor Intuit's right to compensation as specified in this Section during the prior quarter and the results of the cost savings measures specified in Section 38. The locations and times of these meetings will be mutually agreed upon, and may coincide with the quarterly meetings specified in Section 23.

PRODUCTS

29. PRODUCTS. Subject to the terms and conditions of this Agreement, Harland shall produce, provide and deliver to Intuit and its Customers all the Exclusive Intuit Products, styles and colors that Intuit currently offers as of the Effective Date. The parties may agree to add other Intuit Products, styles, quantities and colors in the future. The terms of this Agreement shall apply to any other Intuit Products that Harland may supply Intuit in the future pursuant to such an agreement, provided that such other Intuit Products shall only be deemed to be additional Exclusive Intuit Products to the extent that the parties expressly agree in writing. Prices and charges for such other Intuit Products may be different from the prices for Exclusive Intuit Products set forth herein and will be mutually agreed to by Intuit and Harland in separate written addenda or amendments to this Agreement. Upon mutual agreement, the parties may agree to eliminate certain Intuit Products in the spirit of improving quality and customer satisfaction levels and/or lowering costs in the system.
30. LOGOS.
 - (a) Customer Logos. Harland will include in the Intuit Products logos requested by Customers ("CUSTOMER LOGOS"). Harland will print all standard Customer Logos at no charge. A set of standard Customer Logos will be mutually agreed upon by both parties. Harland will scan and prepare custom Customer Logos from camera-ready artwork for a one-time charge as listed in Exhibit B. Should clean-up work be required on the Customer-submitted artwork in order to prepare it for printing an additional clean-up charge will be added to the Order as listed in Exhibit A. There will be no additional charge for printing either custom or standard Customer Logos. Either standard or custom Customer Logos are printed as part of the Customer's name and address for positioning and sizing, and should appear on all plies of multi-ply items except in cases where a logo must be printed using offset technology on multi-part forms. In the event certain royalty payments to third parties are required due to a Customer's request to use said logos, the cost of these royalties shall be borne by Intuit or the Customer.
 - (b) Intuit Marks.
 - (i) Harland shall affix Intuit's trademark, service mark, trade names and/or logos (collectively "INTUIT MARKS") on the Intuit Products as specified by Intuit and in accordance with Intuit's trademark usage requirements

contained in Exhibit D, as such requirements may be modified by Intuit from time to time ("TRADEMARK USAGE REQUIREMENTS").

- (ii) Harland agrees not to use or register in any jurisdiction any of the Intuit Marks or any trademark, service mark, trade name or logo resembling or confusingly similar to any of the Intuit Marks or any component(s) thereof, or any marks that include the Intuit Marks or component(s) thereof, or any marks that include the character string "QUICK," notwithstanding the licensed usage rights for the Intuit Products expressly granted in this Agreement and fair-use statements in marketing for Harland's own products, which may contain plain-text references to the "Intuit", "Quicken" or "QuickBooks" marks for the sole purpose of expressing basic compatibility, i.e., not for naming or branding of Harland's own products or implying source, affiliation or endorsement (e.g., "Harland(R) Checks...for use with QuickBooks(R) Accounting Software" and not "QuickBooks(R) Checks by Harland"). Harland agrees not to act in any manner or contribute in any way to actions or activities that would adversely affect the goodwill or the ownership of the Intuit Marks or any component(s) thereof. If Intuit notifies Harland of any such confusion, risk of confusion or adverse action, Harland agrees to take appropriate steps to immediately remedy or avoid such confusion, risk of confusion, or action.
- (iii) Harland shall give Intuit notice of any known or presumed infringements of the Intuit Marks, and Harland, at Harland's reasonable expense, shall render Intuit reasonable cooperation (i.e. supporting documentation, testimony, etc.) for the protection of the Intuit Marks. If Intuit decides to enforce its rights in the Intuit Marks against an infringer, all costs, expenses and reasonable attorneys' fees incurred (excluding Harland's cooperative costs, expenses and reasonable attorneys' fees) and recoveries made shall be for the account of Intuit.
- (iv) Harland acknowledges that the goodwill associated with the Intuit Marks may be irreparably damaged if the Intuit Products do not conform to industry standards and customer expectations concerning the performance and quality of such products. The Intuit Products will conform to the product quality requirements specified in Sections 14 and 16. Harland agrees to cooperate with Intuit in facilitating Intuit's control of the quality of the Intuit Products, to permit reasonable inspection of the Intuit Products, and to supply Intuit with specimens of the Intuit Products and use of the Intuit Marks upon request. Harland shall comply with all applicable laws and regulations, and obtain all appropriate government approvals pertaining to the sale, distribution, and advertising of the Intuit Products.

- (v) Harland acknowledges Intuit's ownership of the Intuit Marks, that any and all usage of the Intuit Marks will inure to the sole benefit of Intuit, and that nothing in this Agreement or Intuit's trademark usage requirements gives Harland any right, title or interest in the Intuit Marks. Harland agrees not to attack the validity or Intuit's ownership of the Intuit Marks. Permission to display the Intuit Marks, other than on the Intuit Products and in fair use plain-text compatibility statements as set forth in Section 30(b)(ii) above, requires express written approval by Intuit prior to any release or publication of advertising, promotion or packaging, which approval can be withheld, and strict adherence to Intuit's Trademark Usage Requirements. All rights not expressly granted herein are reserved by Intuit.
31. SPECIFICATIONS. Intuit will provide Harland with the specifications for the Intuit Base Stock and printed information for all Exclusive Intuit Products and any other Intuit Products that Intuit may ask Harland to produce.
 32. RIGHTS IN CHECK DESIGNS. Harland acknowledges Intuit's ownership of all worldwide copyrights, trademarks, service marks and trade dress rights in Intuit Products, including but not limited to the alignment numbers in the tractor feed strips of the checks, the layout and design of checks, and the format of indicia on the checks. No transfer or license of any copyrights, trademarks, service marks, trade dress rights or other intellectual property rights in any Intuit Product is granted or implied by this Agreement.

33. SERVICE CHARGES. For each Order for which Harland performs services under this Agreement, Harland shall charge Intuit the amounts set forth in Exhibit A.
34. MANUFACTURING CHARGES. Manufacturing functions include all production functions necessary to produce the Order after the Order has been made available to Harland from Intuit's ordering system (including, but not limited to, COSMOS and its successors) with all prepress functions having been completely performed (i.e., editing, data entry, order entry, etc.) whether such functions are performed by Harland, Intuit or some third party. For each Order for which Harland performs manufacturing functions, Harland shall charge Intuit the prices set forth in Exhibit B.
35. INCENTIVE ALLOWANCE. Harland agrees to provide Intuit an incentive allowance of \$3,400,000 to be drawn upon at the rate of \$50,000 per month beginning with the first effective month of this agreement. Intuit may take this allowance in the form of a credit against outstanding invoices of Harland to Intuit or may request payment of the advance in cash by wire transfer.
36. MARKETING ALLOWANCE. In addition to the incentive allowance described in Section 35, Harland agrees to provide Intuit with an annual \$300,000 in marketing allowances for each twelve-month period ending on the anniversary of the Effective Date.

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Such \$300,000 annual amount will be prorated for any periods of less than twelve months that occur during this Agreement. For example, for the period beginning on January 1, 2005, and ending on August 31, 2005, the marketing allowance would be equal to \$200,000. Intuit may spend these marketing allowances as it deems appropriate provided that such allowance is spent in a manner reasonably calculated to increase the penetration of Intuit Product to Customers in the Intuit software base. At Intuit's option, Harland will reimburse Intuit for these expenses either as a credit against outstanding invoices or by wire transfer within thirty (30) days of receipt of documentation substantiating the expenses. Harland will provide Intuit an annual accounting of the unused balance of this allowance.

37. PRICING/INCENTIVE PROVISIONS. Intuit acknowledges that Harland has agreed to favorable terms and conditions in this Agreement including the pricing set forth in Sections 33 and 34, Exhibit A, and Exhibit B and the payment of an incentive allowance (Section 35) and a marketing allowance (Section 36) based upon factors including Intuit FSG's current unit volume and anticipated growth in unit volume. Accordingly:
- (a) if during any period consisting of twelve (12) consecutive months during the Term of this Agreement, Intuit's unit volume to Harland equals less than 750,000 units, Intuit shall not be entitled to any further incentive allowance payments;
 - (b) if during any period consisting of twelve (12) consecutive months during the Term of this Agreement, Intuit's unit volume to Harland equals less than 500,000 units, Harland shall not be obligated to provide Intuit the pricing set forth in this Agreement, and Harland and Intuit shall negotiate in good faith as to the applicable pricing. If Harland and Intuit are unable to agree upon the applicable pricing, then such event can be considered grounds for non-performance under this Agreement with consequences as described in Section 45.
38. FUTURE COST SAVINGS. Continuous improvement in reducing costs is critical to competing effectively in the market. Harland agrees to review with Intuit its costs on an annual basis. Cost savings identified, other than those associated with direct material costs, will be shared between Intuit and Harland with 60% of the savings going to Intuit and 40% to Harland.
39. SPECIAL PROMOTIONS. From time to time Intuit may offer promotional programs to Customers as a purchase incentive. Specific terms of promotions and Harland's participation in same will be agreed upon in writing between Harland and Intuit.
40. ALLOWABLE PRICE ADJUSTMENTS. Harland may not change any prices in this Agreement or any of its Exhibits except to reflect changes in Harland's direct material costs for paper and packaging material as described in subparagraphs (a), (b), (c) and (d) and except as expressly set forth in Section 41:

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- (a) Changes in Paper Costs. If, in any twelve-month period during the term of this Agreement that ends on an anniversary of the Effective Date, Harland experiences an increase in its direct material costs for paper or packaging material, then Harland may thereafter increase the price

shown in Exhibit B for each Product whose cost is affected by such cost increase by no more than one half (1/2) of the direct cost increase for each item. Harland must clearly substantiate to Intuit any annual increase in its direct paper or packaging material costs. If in any twelve (12) month period during the Term of this Agreement that ends on an anniversary of the Effective Date, Harland experiences a decrease in such costs, then Harland shall thereafter decrease the price shown in Exhibit B for each Product by one-half (1/2) of the cost decrease for each item.

- (b) Frequency. Harland may not for any reason increase its price for any Intuit Product more than once per each twelve-month period ending on an anniversary of the Effective Date (i.e., Harland cannot increase its price for any Intuit Product more frequently than one (1) year after the date of Harland's most recent previous price increase for such Intuit Product). Further, except as set forth in Section 41, Harland may not increase any prices for any reason whatsoever prior to the first anniversary of the Effective Date of this Agreement.
 - (c) Notification. Harland must notify Intuit in writing of any proposed price increase at least sixty (60) days in advance of such increase. Any such price increase must be agreed upon in writing by Intuit, which agreement will not be unreasonably withheld. During that sixty (60) day period, Harland will continue to honor its existing prices.
 - (d) Right to Audit. Intuit shall have the full right to audit any and all documents, records or other paperwork of Harland's that it deems necessary or appropriate in order to verify Harland's right to make any price increase under this Agreement, including any agreements Harland may have with its suppliers. Harland agrees to make such information readily available to Intuit's auditors, and this information will be kept confidential.
41. SHIPPING CHARGES. Harland's shipping charges to Customers will not exceed Harland's actual cost of shipment for each individual Order. Intuit shall have the right to audit Harland's shipping costs. Shipping charges are to be added to the price of the Order and are to be paid by Intuit with the exception of Orders that are the subject of Harland errors or shipping delays as provided in Sections 16, 20, 21, and 22 of this Agreement. Notwithstanding the foregoing, any extra shipping charge for an Order delivered to a residential customer (as determined by UPS or other carrier) is not added to the price of that Order. Harland and Intuit will continue the current practice of estimating this charge which is to be paid by Intuit to Harland.
42. PAYMENT TERMS. Harland will issue invoices to Intuit no more frequently than once per week. Payment terms shall be net 30 days with a two percent (2%) discount for early

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payment within ten (10) business days of Intuit's receipt of Harland's invoice. Debit memos will have the same terms as invoices. Credit memos are applicable to outstanding invoices or debit memos. In the event that Intuit has a credit balance with Harland for a period of at least thirty (30) days, Intuit may elect to have Harland pay Intuit such credit balance in cash within ten (10) days after such thirty (30) day period by giving Harland written notice to that effect.

RENEWAL; TERMINATION AND RELATED TERMS

43. OPTION TO RENEW. The parties may mutually agree to renew this Agreement for additional terms of two (2) years on the same terms and conditions as set forth in this Agreement. Such agreement to renew shall be reflected in writing.
44. INVENTORY BUYBACK. Upon cancellation or termination of this Agreement for any reason other than for the fault of Harland and/or if Intuit modifies Intuit Base Stock resulting in obsolete Intuit Base Stock inventory, and/or if Intuit changes packaging requirements, Harland at its sole discretion has the right to sell all or part of its then-existing inventory of unique Intuit Base Stock, and/or its then existing inventory of unique Intuit packaging material to Intuit for an amount equal to its book value. Intuit has the right to review such records as it deems necessary or appropriate to verify the book value of such inventory. In no event will Intuit be responsible for paying for more than the greater of ninety (90) days worth of base stock or packaging material inventory or 75,000 forms or units. Ninety (90) days worth shall be determined as 25% of the previous twelve months usage, provided the base stock in question has been offered during the previous twelve (12) month period. Intuit shall be responsible for all such inventory if it was initially offered during the previous twelve (12) month period.

Notwithstanding the foregoing, Intuit shall not be obligated to purchase

any inventory that (1) is not in good and usable condition such that it could be used for its intended purposes without further preparation or expense, or (2) Harland orders after receiving notice of termination of this Agreement or notice of modifications to the Intuit Base Stock. Any stock that has been purchased by Harland pursuant to mutually agreed upon new product pilot tests shall be specifically excluded from Intuit's buyback obligation. The costs of such material shall be covered under separate agreements.

45. TERMINATION.

- (a) Grounds for Termination. Either party shall have the right to terminate this Agreement:
- (i) sixty (60) days after giving the other party written notice of termination of this Agreement ("TERMINATION NOTICE") if the other party has materially breached this Agreement and fails to cure each such material breach of this Agreement described in the Termination Notice within sixty (60) days

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after the Termination Notice has been given (within the meaning of Section 52 hereof) to such other party;

- (ii) immediately, if the other party becomes the subject of a voluntary petition in bankruptcy or any voluntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors; or
- (iii) immediately, if the other party becomes the subject of an involuntary petition in bankruptcy or any involuntary proceeding relating to insolvency, receivership, liquidation or composition or other arrangement for the benefit of creditors, if such petition or proceeding is not dismissed within sixty (60) days of its initial filing.

In addition, Intuit shall have the right to terminate this Agreement on ninety (90) days prior written notice to Harland at any time following the second anniversary of the Effective Date in the event that: (1) new technology is available that significantly impacts the marketplace in which Harland operates under this Agreement and such technology has not been adequately adopted by Harland for use in fulfilling Intuit's Orders; or (2) Harland is unable to scale the color/semi-custom/custom business significantly enough to meet the volumes demanded by Intuit's Customers.

- (b) Orders After Termination Notice. In the event that any notice or termination of this Agreement is given in accordance with this Section, Harland will continue to process any Customer Orders received by Harland prior to the effective date of termination; provided that in the event of a dispute regarding nonpayment by Intuit, Intuit deposits the disputed amount in an interest bearing escrow account with a commercial bank and provides written notice of same to Harland.
- (c) Effect of Termination or Expiration. For a period of two (2) years after the date of termination or expiration of this Agreement for any reason, Harland will make available to Intuit for inspection and copying all books and records of Harland and its affiliates that pertain to Harland's performance and compliance with its obligations, warranties and representations under this Agreement (other than those books and records required to be destroyed by Harland under this paragraph (c)). In addition, upon termination or expiration of this Agreement Harland and its affiliates (i) will cease using any Intuit trademark, service mark, trade name, logo or designation, and (ii) will forward all Customer information (including, but not limited to, all Customer Logos in the format specified by Intuit) and all Bank Files, and all copies thereof, in its/their possession to Intuit within two (2) weeks after termination of this Agreement pursuant to this Section. After forwarding all such materials to Intuit, Harland agrees to destroy all information related to Intuit Customers that is in the possession of Harland or any of its affiliates. Intuit shall use such information of Harland that it inspects or audits solely for the purpose of determining Harland's performance and compliance with its obligations,

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warranties, and representations under this Agreement and shall otherwise keep such information confidential.

- (d) No Damages for Termination. REGARDLESS OF WHETHER OR NOT ANY REMEDY OF ANY PARTY HEREUNDER FAILS OF ITS ESSENTIAL PURPOSE, NEITHER PARTY WILL

BE LIABLE TO THE OTHER FOR DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, ON ACCOUNT OF THE TERMINATION OR EXPIRATION OF THIS AGREEMENT IN ACCORDANCE WITH ITS TERMS. NEITHER PARTY WILL BE LIABLE TO THE OTHER ON ACCOUNT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT IN ACCORDANCE WITH ITS TERMS FOR ANY REIMBURSEMENT OR DAMAGES FOR THE LOSS OF GOODWILL, LOSS OF ANY PROFITS OR ANTICIPATED INCOME, OR ON ACCOUNT OF ANY EXPENDITURES, INVESTMENTS, LEASES OR OTHER COMMITMENTS MADE BY EITHER PARTY OR FOR ANY OTHER REASON WHATSOEVER BASED UPON, OR ARISING FOR ANY REASON OUT OF, SUCH EXPIRATION OR TERMINATION.

- (e) Survival. Notwithstanding the termination or expiration of this Agreement, the following provisions of this Agreement shall survive and continue to bind the parties following the termination of this Agreement: Sections 5, 6, 7, 8, 9, 10, 20 (with respect to the shipment of Orders pending at the date of termination or expiration of this Agreement), 32, and 46.
- (f) Special Remedies for Non-Performance. In the event that Harland materially breaches any of the provisions under GENERAL TERMS, PRODUCTION, PRODUCTS, and PRICING (i.e. Sections 1 through 42 of this Agreement), Harland will be given 60 days to remedy the non-performance. If after this 60 day period, Harland fails to cure such material breach, then Intuit, at its sole option, may, in lieu of terminating this Agreement as provided above:
 - (i) terminate the exclusivity provision of Section 4 of this Agreement; and/or
 - (ii) elect to reduce the remaining Term of this Agreement to one (1) year from the date that Intuit gives Harland written notice of Intuit's election to reduce the remaining Term of this Agreement pursuant to this Section (the "REDUCTION NOTICE"), in which case this Agreement will automatically terminate on the first anniversary of the date that Intuit gives Harland the Reduction Notice.

46. NO CONSEQUENTIAL DAMAGES. Neither party shall be responsible to the other for any claims for any special, incidental, or consequential damage, including lost profits, or loss arising from breach of warranty or any other default on the part of such party.

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MISCELLANEOUS PROVISIONS

- 47. YEAR 2000 WARRANTY. Harland represents and warrants to Intuit that Harland's services covered by this Agreement will not at any time incur a material loss of performance as a result of the century date change in the year 2000 or as a result of the year 2000 being a leap year. Notwithstanding the terms and conditions of Section 45(a) (i), the notice and cure period for a material breach of the foregoing will be thirty (30) days.
- 48. MODIFICATIONS TO THIS AGREEMENT. No modification or amendment to this Agreement shall be effective unless it is executed in writing by both parties.
- 49. ASSIGNMENT. This Agreement will bind and inure to the benefit of each party's permitted successors and assigns. Harland may not assign this Agreement, in whole or in part, without Intuit's written consent. Any attempt by Harland to assign this Agreement without such consent will be null and void. During the Term of this Agreement Harland agrees not to sell its interest in all or substantially all of the assets required to perform its obligations under this Agreement without the prior written consent of Intuit. The parties agree that, in the event of Harland's breach of the provisions of this paragraph: (i) Intuit will have the right to terminate this Agreement without penalty at any time following such breach; and (ii) Intuit will not have the right to prevent a corporate-wide sale of Harland's assets to a third party.
- 50. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the internal laws of the State of California applicable to agreements entered into, and to be performed entirely, within California between California residents, without regard to principles of choice of law or conflict of laws.
- 51. SEVERABILITY. If any provision of this Agreement is found to be invalid, unlawful or unenforceable, then, if possible, that provision will be modified to the extent possible to reflect the parties intentions and remain valid, lawful, and enforceable, rather than being voided, and whether or not such provisions is voided or so modified, the other provisions of this Agreement will nevertheless remain in full force and effect.

52. NOTICES. All notices under this Agreement will be deemed to have been given for purposes of this Agreement when such notice is (i) delivered personally, (ii) sent by confirmed facsimile transmission, or (iii) sent by certified or registered U.S. mail or nationally-recognized express courier, return receipt requested, to the address of the receiving party shown below or to such other address for notice under this Agreement as may otherwise be specified by either party to the other by a written notice given in accordance with the provisions of this Section:

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If to Intuit: Intuit Inc.
2525 Garcia Avenue
Mountain View, CA 94043
Attn: Vice President and General Manager,
Financial Supplies Group
Fax: (650) 944-6919

with a copy to: Intuit Inc.
2550 Garcia Avenue
Mountain View, CA 94043
Attn: General Counsel
Fax: (650) _____

If to Harland: John H. Harland Company
300 E. Meridian Street
Milton, Washington 98371
Attn: Martin Kerner
Fax: (253) 927-4014

with a copy to: John H. Harland Company
2939 Miller Road
Decatur, GA 30035
Attn: General Counsel
Fax: (770) 593-5619

Notwithstanding the foregoing, the above provisions of this Section shall not apply to Intuit's notification of Order errors to Harland, which may be given by Intuit by way of telephone, facsimile transmission, electronic transmission or electronic mail as indicated in Section 21 of this Agreement.

53. INDEPENDENT CONTRACTORS. The parties to this Agreement are independent contractors. There is no relationship of partnership, joint venture, employment, franchise, or agency between the parties. Neither party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent.

54. WAIVER. No failure of either party to exercise or enforce any of its rights under this Agreement will act as a waiver of such rights. No waiver of any rights hereunder will be effective unless set forth in a writing signed by the party granting such waiver.

55. ENTIRE AGREEMENT. This Agreement together with its Exhibits and Appendix constitutes the complete and exclusive agreement and understanding between the parties with respect to the subject matter hereof, and this Agreement shall supersede and replace any and all prior agreements, communications, and understandings (both written and oral) regarding such subject matter, including the Prior Agreement.

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IN WITNESS WHEREOF, Intuit and Harland have executed and entered into this Agreement by their duly authorized representatives effective as of January 1, 2000.

JOHN H. HARLAND COMPANY

INTUIT INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____ Date: _____

Attachments:

- Appendix 1: Certain Definitions
- Exhibit A: Service Charges
- Exhibit B: Manufacturing Prices
- Exhibit C: Bank File Letter Agreement
- Exhibit D: Trademark Usage Requirements

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APPENDIX 1
CERTAIN DEFINITIONS

For purposes of this Supply Agreement, the following terms are defined as indicated below.

- Bank** The term "BANK" means the bank, credit union, savings and loan or any other financial institution at which the Customer has a checking account for which the Customer is purchasing checks supplied under this Agreement.
- Bank File** The term "BANK FILE" means an electronic database of information owned by Intuit and maintained by Harland for the benefit of Intuit, as such may be improved, enhanced and expanded from time to time, that will enable Intuit to take Orders by phone or electronically directly from a Customer without the need for a sample check or MICR specification sheet. The Bank File is also necessary to enable Intuit to electronically transmit its Orders pursuant to this Agreement. The purpose of the Bank File database is (1) to insure that shipped orders contain valid and correct financial institution information regarding the Customer(s), including valid account number, sequential position, and the transit/routing number, and correct fractional number and bank address; and (2) to validate this information before orders are accepted, thereby improving the accuracy of telephone and electronic customer Orders.
- Business Day** The term "BUSINESS DAY" means a 24-hour period during a Monday, Tuesday, Wednesday, Thursday, or Friday; provided that Business Days do not include: (a) any holiday recognized by the federal government of the United States of America, or (b) any Saturday or Sunday.
- Cross-Shipment** The term "CROSS-SHIPMENT" means when Harland ships an Order to a person other than the Customer for whom such Order was intended.
- Customer** The term "CUSTOMER" refers to an Intuit customer.
- Direct-to-Plate** The term "DIRECT-TO-PLATE" means the process and technology whereby Intuit and Harland work together to achieve the electronic transmission of pre-formatted Customer Orders directly from Intuit to Harland. By use of the electronic transmission of Orders, Harland will eliminate the need to perform data entry, auditing, and editing of Customer Orders, thus reducing Harland's operating costs. Historical reference is made to the term "plate" which is used on an offset printing press.
- Intuit FSG** The term "INTUIT FSG" means the Intuit business unit that has responsibility for the supply of software-compatible checks and forms to Customers.
- Intuit Base Stock** The term "INTUIT BASE STOCK" means the Intuit-specified pre-printed paper upon which individual customer information is imprinted to produce personalized checks and invoices.

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- Intuit Product or Product** The term "INTUIT PRODUCT" or "PRODUCT" means any Intuit FSG product, including but not limited to Exclusive Intuit Products, that Intuit purchases from Harland pursuant to this Agreement.

Standard Product The term "STANDARD PRODUCT" means any "EXCLUSIVE INTUIT PRODUCTS" that do not include custom features or unusual requirements, including but not limited to new custom logo, color imprint, new phantom logo, back-printing, additional color).

Exclusive Intuit Product The term "EXCLUSIVE INTUIT PRODUCTS" means the following products provided by Intuit FSG to Customers as of the Effective Date: (a) standard, semi-custom, and custom software compatible forms and checks; (b) manual checks; (c) pre-inked stamps; and (d) imprinted envelopes.

Order The term "ORDER" means an Intuit Customer order for the purchase of Intuit Products. Orders may be transmitted by Intuit to Harland electronically (via modem or phone line), by facsimile, or by mail.

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EXHIBIT A

SERVICE CHARGES

<TABLE>
<CAPTION>

SERVICE	DESCRIPTION	PRICE	PRICE BASIS
<S> Order Clarification	<C> Research and resolve incomplete or ambiguous order information, including direct interaction with Intuit's customer.	<C> \$8.75	<C> Per Order
Standard Data Entry	Edit paper orders submitted by Intuit's customers, process customer payments, and input data into production system.	\$4.78	Per Order
State "0" Data Entry	Enter all information required to produce non-standard orders.	\$4.04	Per Order
State "10" Data Entry	Review and edit State 10 orders originating external to Harland.	\$1.96	Per Order
Customer Rush	Customer paid rush services	\$15.00	Per Item
Intuit Rush	Non-customer paid rush services	\$7.00	Per Item
Special clean-up	Clean-up low quality logo artwork, provide custom design.	\$26.25	Per Item
Accounting voucher processing	Provide proof of payment for non FSG-supplied products ordered in tandem with printed products.	No charge	Per Order
Extended Call Center Support	Provide customer service telephone coverage on weekends, and before 5AM and after 6PM Pacific Time on business days.	\$35.00	Per Customer Service Representative Hour

</TABLE>

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EXHIBIT B

MANUFACTURING PRICES

CHECKS

<TABLE>
<CAPTION>

	STANDARD 1-PART	STANDARD 2-PART	STANDARD 3-PART	VOUCHER 1-PART	VOUCHER 2-PART	VOUCHER 3-PART	WALLET 1 PART
LASER							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
250	\$ 12.58	na	na	\$ 14.78	\$ 23.30	\$ 34.50	\$ 13.04
500	15.00	na	na	21.84	38.91	57.93	15.10
1,000	19.92	na	na	35.98	71.44	106.14	19.85

2,000	32.52	na	na	65.59	135.18	202.54	30.85
3,000	44.28	na	na	93.87	198.92	298.95	42.07
4,000	56.04	na	na	123.48	264.00	395.36	53.22
5,000	69.13	na	na	153.10	327.74	491.76	65.70
Add'l 1000	12.83	na	na	29.02	62.47	94.48	12.23

CONTINUOUS

250	\$ 13.35	\$ 18.27	na	\$ 14.40	\$ 21.88	\$ 26.32	\$ 13.22
500	17.77	26.82	na	20.37	33.46	42.25	15.34
1,000	26.61	44.38	na	31.68	57.60	76.41	21.91
2,000	44.29	79.51	na	54.30	107.21	143.41	34.85
3,000	61.96	114.64	na	78.26	155.48	210.40	47.79
4,000	79.64	151.10	na	100.89	205.09	277.40	60.73
5,000	97.32	186.23	na	123.51	254.70	344.39	73.67
Add'l 1000	17.32	34.43	na	22.17	48.61	65.66	12.68

</TABLE>

FORMS AND DEPOSITS

<TABLE>
<CAPTION>

	FORM 1 PART	FORM 2 PART	FORM 3 PART	FORM 4 PART	DEPOSIT 1-PART	DEPOSIT 2-PART	DEPOSIT 3-PART
LASER							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
250	\$ 14.98	\$ 24.64	\$ 31.42	\$ 38.84	\$ 13.84	\$ 20.40	\$ 30.58
500	21.96	41.11	54.73	70.91	20.95	32.13	47.86
1,000	35.92	75.40	102.68	135.04	31.79	57.36	84.38
2,000	65.18	142.63	198.57	261.97	51.28	103.75	152.30
3,000	93.11	209.87	294.46	388.90	70.77	150.14	220.22
4,000	122.37	278.44	390.36	517.17	90.26	196.53	288.14
5,000	151.63	345.67	486.25	644.10	109.75	242.92	356.06
Add'l 1000	28.67	65.89	93.98	124.39	19.49	46.39	67.92

CONTINUOUS

BOOK

250	\$ 17.73	\$ 27.33	\$ 34.43	\$ 42.32	\$ 6.39	\$ 12.37	\$ 16.07	200
500	26.52	45.52	59.55	74.39	12.78	24.74	32.14	400
1,000	44.10	81.90	109.80	138.51	19.17	37.11	48.21	600
2,000	79.26	155.98	211.62	268.10	25.56	49.48	64.28	800
3,000	115.75	228.74	313.44	397.69	31.95	61.85	80.35	1,000
4,000	150.91	302.83	415.26	527.27	38.34	74.22	96.42	1,200
5,000	186.07	376.92	515.76	656.86	44.73	86.59	112.49	1,400
Add'l 1000	34.46	72.61	98.48	126.99	6.39	12.37	16.07	Add'l 200

</TABLE>

MANUFACTURING PRICES

<TABLE>
<CAPTION>

ENVELOPES									STMT
	SINGLE WINDOW	REMITTANCE	STANDARD DOUBLE WINDOW	FORM DOUBLE WINDOW	WALLET DOUBLE WINDOW	STANDARD SELF-SEAL	FORM SELF SEAL		REMITTANCE

IMPRINTED ENVELOPES									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
250	\$ 17.08	\$ 23.93	na	na	na	na	na	na	\$ 16.41
500	23.89	33.58	na	na	na	na	na	na	\$ 24.83
1,000	38.20	52.67	na	na	na	na	na	na	\$ 41.65
2,000	65.03	87.52	na	na	na	na	na	na	\$ 76.64
3,000	91.87	122.36	na	na	na	na	na	na	\$ 110.30
4,000	118.70	157.21	na	na	na	na	na	na	\$ 145.29
5,000	145.53	192.05	na	na	na	na	na	na	\$ 180.28
Add'l 1000	26.29	34.15	na	na	na	na	na	na	\$ 34.40

PICK AND PACK ENVELOPES (*)									
250	na	na	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	
500	na	na	2.50	2.50	2.50	2.50	2.50	2.50	
1,000	na	na	3.75	3.75	3.75	3.75	3.75	3.75	
2,000	na	na	4.00	4.00	4.00	4.00	4.00	4.00	
3,000	na	na	5.25	5.25	5.25	5.25	5.25	5.25	
4,000	na	na	6.50	6.50	6.50	6.50	6.50	6.50	
5,000	na	na	7.75	7.75	7.75	7.75	7.75	7.75	
Add'l 1000	na	na	1.25	1.25	1.25	1.25	1.25	1.25	

(*) These are not Exclusive Intuit Products

OFFICE AND AWAY

Binder	27.25
250	13.10
500	17.73
1000	25.37
2000	39.88

</TABLE>

<TABLE>
<CAPTION>

STAMPS AND LOGOS			
PRODUCT	DESCRIPTION	PRICE	PRICE BASIS
<S>	<C>	<C>	<C>
Pre-inked 1-color stamp	Endorsement, return address, fax cover, and standard stamp. Price includes First Class mail delivery.	\$7.50	Per Item
Pre-inked 2-color stamp	Monogram/return address stamp in 2 colors. Price includes First Class mail delivery.	\$8.76	Per Item
Pre-inked signature stamp	Customer signature stamp. Price includes scanning signature, cleaning up, and First Class mail delivery.	\$17.93	Per Item
Standard Logo	Add standard logo to personalization.	No charge	Per Item

New Custom Logo	Scan customer-provided art, clean up, and position in personalization.	\$10.50	Per Item
Custom Logo Reorder	Reuse previously scanned custom logo.	No charge	Per Item

</TABLE>

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EXHIBIT C

Bank File Letter Agreement

[Attach 10/20/97 letter from Joel Brown to Martin Kerner]

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EXHIBIT D

Trademark Usage Requirements

A. INTUIT "HEAD" LOGO DESIGN USAGE

Harland may display the Intuit "Head" Logo Design in accordance with the guidelines and limitations set forth herein and in the SUPPLY AGREEMENT between Intuit and Harland ("SUPPLY AGREEMENT" or "AGREEMENT"). However, Intuit requires that Harland obtain only original digital or camera-ready artwork directly from Intuit. No resampling or other attempted duplication is allowed and no alterations, modifications, cropping or additions to the Logo are permitted. In all printed materials that involve any graphics and/or color, the Intuit Logo should be presented in color. The Intuit Logo will only be displayed in white background with red lettering or red background with white letters as supplied. Black & white can only be used in approved materials that are less than 4-color. The red used can only be PMS 186 as supplied. The typeface for the Intuit Logo will always be only that typeface supplied by Intuit. The Logo should always be used as received from Intuit. Original logo art supplied by Intuit can be enlarged or reduced in size, but must be done in exact proportion to the original height and width. The Intuit Logo should always have the "(R)" registration symbol near the upper right corner or "shoulder" portion of the mark.

The Intuit Logo must only appear in a standard size for the allowed Intuit Products supplied by Harland, such size to be pre-approved by Intuit. The Intuit Logo must always appear by itself. The Logo will not be "violated" or touched by any other text or graphics in any way, and there must be a border of space of at least 15 percent of the total height of the stylized letter "I" surrounding the Intuit Logo on all sides in every instance the Logo appears.

B. MARKETING AND BRAND POSITIONING

Any materials that use the Intuit Logo must (in the sole opinion of Intuit) be consistent with the following brand attributes of the Intuit product line: easy-to-use, friendly, trusted, financial, good value and very high quality.

Colors, fonts, graphics, etc. that are used in the same materials as the Intuit Logo should reflect those same brand attributes without copying the overall Intuit Product Trade Dress that appears on US and Canadian packaging for Quicken and other products and on other Intuit-created materials unless Harland is specifically licensed to use the Intuit Trade Dress. Intuit must review all marketing materials and packaging and may provide input about how and whether said materials conform to the brand character. If marketing materials or packaging are inconsistent in the sole opinion of Intuit, Intuit can require that such materials be changed prior to any public distribution.

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C. APPROPRIATE SYMBOLS AND LEGENDS

The Intuit Logo is a registered trademark and must appear with the "(R)" symbol placed on the right "shoulder" of the mark (i.e., directly next to the mark in the upper right). Thus, the correct symbol placement is as follows: Intuit(R). The symbol must appear in every iteration of the Logo, but may be omitted for convenience after the first mention in prose, plain-text materials.

If required in the SUPPLY AGREEMENT, the appropriate ownership legend must be included in the "legal notices" section of any materials in which the Intuit Logo or Mark is displayed. This legend must read as follows: "Intuit and the

Intuit Logo are a trademarks of Intuit Inc., registered in the United States and other countries." In packaging, advertising and promotional materials, the legend is typically placed at the bottom of the box, ad or layout. The legend may appear in small type, but must still be legible.

D. NO SIMILAR MARKS.

Harland may not adopt, use or register any other marks that appear to be related to or are similar to any Intuit Marks. Any new marks created or adopted by Harland, if such marks are for products or services marketed in the same general trade channels as the Intuit Products, must be pre-approved in writing by the Authorized Representative of Intuit.

E. ADDITIONAL RESTRICTIONS

The permission to display the Intuit Logo is a non-exclusive, non-transferable, non-assignable permission that extends only to the Territory, only as defined in the Agreement, only for the purpose of performing Harland's obligations to Intuit under the Agreement, and only for the Term of the Agreement.

Harland is not permitted to use the Intuit Logo, or any other logo owned by Intuit, on Harland's own product lines or to disparage Intuit, its subsidiaries, products, or services, or for promotional goods (like shirts, pens, etc.) or in any way which, in Intuit's reasonable judgment, may diminish or otherwise damage Intuit's goodwill in the Intuit Logo or other Intuit-owned logos, including but not limited to uses that could be deemed to be obscene, violent or otherwise in poor taste or unlawful, or which purpose is to encourage unlawful activities. Intuit reserves the right to object to unfair uses or misuses of the Intuit Logo, other Intuit-owned marks or other violations of applicable law.

LEASE AGREEMENT

This Lease, made this 30th day of April, 1999 between CHARLESTON PROPERTIES, a California General Partnership, hereinafter called Landlord, and INTUIT INC., a Delaware corporation, hereinafter called Tenant.

WITNESSETH:

Landlord hereby leases to Tenant and Tenant hereby hires and takes from Landlord those certain premises (the "Premises") outlined in red on Exhibit "A", attached hereto and incorporated herein by this reference thereto more particularly described as follows:

The entire two story Building comprising 62,905 gross square feet of space located in Mountain View, Santa Clara County, California and further identified at the following address:

2675 Coast Avenue

As used herein the Complex shall mean and include all of the land outlined in red and described in Exhibit "B", attached hereto, and all of the buildings, improvements, fixtures and equipment now or hereafter situated on said land.

Said letting and hiring is upon and subject to the terms, covenants and conditions hereinafter set forth and Tenant covenants as a material part of the consideration for this Lease to perform and observe each and all of said terms, covenants and conditions. This Lease is made upon the conditions of such performance and observance.

1. USE Tenant shall use the Premises only in conformance with applicable governmental laws, regulations, rules and ordinances for the purpose of office, sales, R & D and related uses necessary for Tenant to conduct its business, provided such uses are permitted and conform to City zoning laws and all other governmental laws, regulations, rules and ordinances, and for no other purpose. Tenant shall not do or permit to be done in or about the Premises or the Complex nor bring or keep or permit to be brought or kept in or about the Premises or the Complex anything which is prohibited by or will in any way increase the existing rate of (or otherwise affect) fire or any insurance covering the Complex or any part thereof, or any of its contents, or will cause a cancellation of any insurance covering the Complex or any part thereof, or any of its contents. Tenant shall not do or permit to be done anything in, on or about the Premises or the Complex which will in any way obstruct or interfere with the rights of other tenants or occupants of the Complex or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or the Complex. No sale by auction shall be permitted on the Premises. Tenant shall not place any loads upon the floors, walls, or ceiling, which endanger the structure, or place any harmful fluids or other materials in the drainage system of the building, or overload existing electrical or other mechanical systems. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Premises or outside of the building in which the Premises are a part, except in trash containers placed inside exterior enclosures designated by Landlord for that purpose or inside of the building proper where designated by Landlord. No materials, supplies, equipment, finished products or semi-finished products, raw materials or articles of any nature shall be stored upon or permitted to remain outside the Premises or on any portion of common area of the Complex. No loudspeaker or other device, system or apparatus which can be heard outside the Premises shall be used in or at the Premises without the prior written consent of Landlord. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall indemnify, defend and hold Landlord harmless against any loss, expense, damage, attorney's fees, or liability arising out of failure of Tenant to comply with any applicable law whose compliance is Tenant's obligation hereunder. Tenant shall comply with any covenant, condition, or restriction ("CC&R's") affecting the Premises. The provisions of this paragraph are for the benefit of Landlord only and shall not be construed to be for the benefit of any tenant or occupant of the Complex.

2. TERM

A. The term of this Lease shall be for a period of Ten (10) years (unless sooner terminated as hereinafter provided) and, subject to Paragraphs 2(B) and 3, shall commence on the 12th day of July, 1999 and end on the 11th day of July, 2009.

B. Possession of the Premises shall be deemed tendered and the term of this Lease shall commence when the first of the following occurs:

(1) Sixty days after the date Landlord offers Tenant possession of the Premises for the commencement of construction of Tenant improvements (if any), provided that such date of offer shall in no event be earlier than May 12, 1999; or

(2) Upon the occupancy of the Premises by any of Tenant's operating personnel.

In the event Landlord is unable to make the Premises available to Tenant 60 days prior to the Lease Commencement Date as set forth in Paragraph 2A above to permit Tenant to commence construction of desired changes within the Premises, Tenant shall receive any and all monies received by Landlord as penalties (hereinafter referred to as Sun Excess Rent) from Sun Microsystems (the prior Tenant) in excess of the Basic Rent amount that Sun Microsystems would have been obligated to pay Landlord during any holdover period. For example, if Sun Microsystems paid Landlord 150% of Basic Rent during a holdover period, Landlord would receive 100% of the Basic Rent and Tenant would receive the 50% Sun Excess Rent.

C. The Lease Commencement Date for the Premises leased hereunder shall remain as stated in paragraph 2A provided Landlord has granted Tenant access to the Premises sixty days prior to the commencement of the Lease for the purpose of Tenant's construction of Tenant Improvements. At such time as Landlord has made the Premises available for the commencement of construction, Tenant or Tenant's contractor, shall be permitted to commence construction. During this 60 day period, Tenant shall hold Landlord, and WSJ Properties (Landlord's Property Management Company retained to manage the Complex) harmless from any loss or damage caused by Tenant's or Tenant's contractor's construction activities during this period. During this 60 day construction period, Tenant shall not be obligated to pay Basic or Additional Rent on the Premises so under construction unless Tenant elects to occupy the Premises during this 60 day period with Tenant's operating personnel. In the event Tenant does occupy the Premises with operating personnel, Tenant shall occupy the Premises under all the terms and conditions of the Lease and Tenant shall pay Landlord Basic and Additional Rent beginning with said Date of Occupancy by Tenant's operating personnel up and until the specified Commencement Date of the term of the Lease in the following daily amounts:

Daily Basic Rent	\$5,975.98
Daily Additional Rent	\$ 209.68 (estimated)

The Commencement Date and Termination Date of Lease for the Premises shall not be affected by this early occupancy and shall remain as stated.

3. POSSESSION If Landlord, for any reason whatsoever, cannot offer possession of said Premises to Tenant at the commencement of said term, as hereinbefore specified, this Lease shall not be void or voidable; no obligation of Tenant shall be affected thereby; nor shall Landlord or Landlord's agents be liable to Tenant for any loss or damage resulting therefrom (subject to the provisions of paragraph 2B.(2) above); but in that event the commencement and termination dates of the Lease, and all other dates affected thereby shall be revised to conform to the date of Landlord's delivery of possession, as specified in Paragraph 2 B, above. The above, is, however, subject to the provision that the period of delay of delivery of the Premises shall not exceed 90 days from the commencement date herein (except those delays caused by Acts of God, strikes, war, utilities, governmental bodies, weather, unavailable materials, and delays beyond Landlord's control shall be excluded in calculating such period) in which instance Tenant, at its option, may, by written notice to Landlord, terminate this Lease. Notwithstanding anything herein to the contrary, if Landlord has not offered possession to Tenant of the Premises by August 12, 1999 then Tenant may cancel this Lease.

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4. RENT

A. BASIC RENT. Tenant agrees to pay to Landlord at such place as Landlord may designate without deduction, offset, prior notice, or demand, and Landlord agrees to accept as Basic Rent for the leased Premises the total sum of twenty-four million six hundred sixty-two thousand eight hundred twenty-eight and 40/100 (\$24,662,828.40) Dollars in lawful money of the United States of America, payable as follows: Upon execution of this Lease, \$19,519.50 which represents the partial month's rent described in Paragraph 4.B. below, offset by a \$100,000 credit granted by Landlord to Tenant for Tenant improvements as described in Paragraph 9. In the event the Lease Commencement Date is other than July 12, 1999, the first month's prorated amount as calculated in Paragraph 4.B. below shall be adjusted. The table below indicates various time periods and the total monthly Basic Rent due during each such time period. All Basic Rent shall be due and payable on or before the first day of each month of the lease term as

indicated.

<TABLE>

<CAPTION>

<S>	MONTH OF LEASE TERM	TOTAL MONTHLY BASIC RENT
<C>	<C>	<C>
	1-12	\$179,279.25
	13-24	\$184,657.63
	25-36	\$190,197.36
	37-48	\$195,903.28
	49-60	\$201,780.38
	61-72	\$207,833.79
	73-84	\$214,068.80
	85-96	\$220,490.86
	97-108	\$227,105.59
	109-120	\$233,918.76

</TABLE>

B. TIME FOR PAYMENT. In the event that the term of this Lease commences on a date other than the first day of a calendar month, on the date of commencement of the term hereof Tenant shall pay to Landlord as rent for the period from such date of commencement to the first day of the next succeeding calendar month that proportion of the monthly rent hereunder which the number of days between such date of commencement and the first day of the next succeeding calendar month bears to thirty (30), less the \$100,000 credit referenced above (in this case, based on a July 12, 1999 Lease Commencement Date, 20 days x \$5975.98 per day = \$119,519.50 - \$100,000 Tenant improvement credit = \$19,519.50). In the event that the term of this Lease for any reason ends on a date other than the last day of a calendar month, on the first day of the last calendar month of the term hereof Tenant shall pay to Landlord as rent for the period from said first day of said last calendar month to and including the last day of the term hereof that proportion of the monthly rent hereunder which the number of days between said first day of said last calendar month and the last day of the term hereof bears to thirty (30).

C. LATE CHARGE. Notwithstanding any other provision of this Lease, if Tenant is in default in the payment of rent as set forth in this Paragraph 4 when due, or any part thereof, Tenant agrees to pay Landlord, in addition to the delinquent rental due, a late charge for each rental payment in default ten (10) days. Said late charge shall equal ten (10%) percent of each rental payment so in default. Landlord shall not assess a late charge after such 10 day period unless Landlord thereafter notifies Tenant by telephone or fax that Tenant's rental is delinquent and said rental remains delinquent for 48 hours after said notice to Tenant.

D. ADDITIONAL RENT. Beginning with the commencement date of the term of this Lease, Tenant shall pay to Landlord in addition to the Basic Rent and as Additional Rent the following:

- (1) Tenant's proportionate share of all utilities relating to the Complex as set forth in Paragraph 11, and
 - (2) Tenant's proportionate share of all Taxes relating to the Complex as set forth in Paragraph 12, and
 - (3) Tenant's proportionate share of all insurance premiums relating to the Complex, as set forth in Paragraph 15, and
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- (4) Tenant's proportionate share of expenses for the operation, management, maintenance and repair of the Building (including common areas of the Building) and Common Areas of the Complex in which the Premises are located as set forth in Paragraph 7, and
 - (5) All charges, costs and expenses, which Tenant is required to pay hereunder, together with all interest and penalties, costs and expenses including attorney's fees and legal expenses, that may accrue thereto in the event of Tenant's failure to pay such amounts, and all damages, reasonable costs and expenses which Landlord may incur by reason of default of Tenant or failure on Tenant's part to comply with the terms of this Lease. In the event of nonpayment by Tenant of Additional Rent, Landlord shall have all the rights and remedies with respect thereto as Landlord has for nonpayment of rent.

Tenant shall pay to Landlord monthly, in advance, Tenant's prorata share of an amount estimated by Landlord in Landlord's reasonable judgement based on prior year's expenses to be Landlord's approximate average monthly expenditure for such Additional Rent items, which estimated amount shall be reconciled within 120 days of the end of each calendar year as compared to Landlord's actual expenditure for said Additional Rent items, with Tenant paying to Landlord, upon demand, any amount of actual expenses expended by Landlord in excess of said estimated amount, or Landlord promptly refunding to Tenant (providing Tenant is not in default beyond any applicable notice and cure period in the performance of any of the terms, covenants and conditions of this Lease) any amount of

estimated payments made by Tenant in excess of Landlord's actual expenditures for said Additional Rent items. Landlord shall provide Tenant reasonably adequate supporting documentation to the reconciliation.

Landlord's estimate of the 1999 expense and Tenant's payment for such Additional Rent as of the commencement of the term of this lease shall be six thousand two hundred (\$6,200.00) Dollars per month Any payments required to be made by Tenant for Additional Rent shall be made by check or instrument separate from that check or instrument used by Tenant to make any payments for Basic Rent pursuant to paragraph 4 A.

For purposes of calculating Tenant's proportionate share of Additional Rent Expenses for the Complex it is hereby mutually agreed the proportionate share is 100% because Tenant leases the entire building and the parcel of land upon which it is located.

Landlord's monthly estimate for Additional Rent items described in this paragraph 4D (excluding taxes) for calendar year 1999 is \$6,200 per month (approximately 62,905 x \$.10). The following represents a line item breakdown of Landlord's estimate of monthly expenses (expressed in dollars per square foot per month):

<S>	<C>
Exterior maintenance and landscape	\$ 0.035
Insurance (including earthquake insurance)	0.045
Management	0.02
Utilities (Tenant pays directly)	-0-
Janitorial (Tenant pays directly)	-0-

Total	\$ 0.100

</TABLE>

Landscape water for the Complex shall be paid directly by Tenant.

Taxes shall be billed separately and prorated for periods of occupancy and shall be due December 1st and April 1st of each calendar year. Landlord's estimate for the 1999-2000 Tax year (July 1, 1999 - June 30, 2000) for the Complex is as follows:

Parcel #116-02-058-00

\$58,910.72

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Tenant shall have the right, during normal business hours and at Tenant's own expense, to audit Landlord's records concerning Additional Rent items. In the event a discrepancy of greater than 3% of Tenant's correct share of costs is discovered, Landlord shall pay the cost of Tenant's out of pocket costs to third parties and shall credit or refund to Tenant the amount of the discrepancy. If the audit indicates Tenant owes Landlord an additional amount, Tenant shall pay the additional amount promptly. If the audit indicates that Landlord owes Tenant money, Landlord shall promptly refund such amount to Tenant.

The respective obligations of Landlord and Tenant under this paragraph shall survive the expiration or other termination of the term of this Lease, and if the term hereof shall expire or shall otherwise terminate on a day other than the last day of a calendar year, the actual Additional Rent incurred for the calendar year in which the term hereof expires or otherwise terminates shall be determined and settled on the basis of the statement of actual Additional Rent for such calendar year and shall be prorated in the proportion which the number of days in such calendar year preceding such expiration or termination bears to 365.

E. PLACE OF PAYMENT OF RENT AND ADDITIONAL RENT. All Basic Rent hereunder and all payments hereunder for Additional Rent shall be paid to Landlord at the office of Landlord at 3201 Ash Street, Palo Alto, California 94306, or to such other person or to such other place as Landlord may from time to time designate in writing.

F. F. SECURITY DEPOSIT. (NONE)

5. RULES AND REGULATIONS AND COMMON AREA Subject to the terms and conditions of this Lease and such Rules and Regulations as Landlord may from time to time prescribe, Tenant and Tenant's employees, invitees and customers shall, in common with other occupants of the Complex in which the Premises are located, and their respective employees, invitees and customers, and others entitled to the use thereof, have the non-exclusive right to use the access roads, parking areas, and facilities provided and designated by Landlord for the

general use and convenience of the occupants of the Complex in which the Premises are located, which areas and facilities are referred to herein as "Common Area". This right shall terminate upon the termination of this Lease. Landlord reserves the right from time to time to make reasonable changes in the shape, size, location, amount and extent of Common Area. All such changes shall not unreasonably affect Tenant's access or use of the Premises and shall not diminish Tenant's parking rights. Landlord further reserves the right to promulgate such reasonable rules and regulations relating to the use of the Common Area, and any part or parts thereof, as Landlord may deem appropriate for the best interests of the occupants of the Complex. The Rules and Regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant, and Tenant shall abide by them and cooperate in their observance. Such Rules and Regulations may be reasonably amended by Landlord from time to time, with or without advance notice, and all amendments shall be effective upon delivery of a copy to Tenant. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Complex of any of said Rules and Regulations.

Landlord shall operate, manage and maintain the Common Area. The Common Area shall be maintained in a first class manner and the expenditures for such maintenance shall be at the discretion of Landlord.

6 PARKING Landlord hereby acknowledges that Tenant shall have the right to restripe the Complex parking lot at Tenant's own expense. Any restriping shall be in compliance with all applicable codes and regulations and Landlord shall cooperate with Tenant in this effort. Tenant shall have the right to use all parking spaces in the common parking areas of the Complex. Tenant agrees that Tenant, Tenant's employees, agents, representatives and/or invitees shall not use parking spaces outside of the Complex parking allocated to Tenant hereunder. Tenant shall not, at any time, park, or permit to be parked, any trucks or vehicles adjacent to the loading areas so as to interfere in any way with the use of such areas, nor shall Tenant at any time park, or permit the parking of Tenant's trucks or other vehicles or the trucks and vehicles of

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Tenant's suppliers or others, in any portion of the common area not designated by Landlord for such use by Tenant. Tenant shall not park nor permit to be parked, any inoperative vehicles or equipment on any portion of the common parking area or other common areas of the Complex. Tenant agrees to assume responsibility for compliance by its employees with the parking provision contained herein. Tenant hereby authorizes Landlord at Tenant's sole expense to tow away from the Complex any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions, or to attach violation stickers or notices to such vehicles. Tenant shall use the parking areas for vehicle parking only, and shall not use the parking areas for storage.

7. EXPENSES OF OPERATION, MANAGEMENT AND MAINTENANCE OF THE COMMON AREAS OF THE COMPLEX, PREMISES AND BUILDING IN WHICH THE PREMISES ARE LOCATED As Additional Rent and in accordance with Paragraph 4 D of this Lease, Tenant shall pay to Landlord Tenant's proportionate share (calculated on a square footage or other equitable basis as calculated by Landlord) of all expenses of operation, management, maintenance and repair of the Common Areas of the Complex including, but not limited to, license, permit and inspection fees; security; utility charges associated with exterior landscaping and lighting (including water and sewer charges); all charges incurred in the maintenance of landscaped areas, lakes, parking lots, sidewalks, driveways; maintenance, repair and replacement of all fixtures and electrical, mechanical and plumbing systems; structural elements and exterior surfaces of the buildings; salaries and employee benefits of personnel and payroll taxes applicable thereto; supplies, materials, equipment and tools; the cost of capital expenditures which have the effect of reducing operating expenses, provided, however, that in the event Landlord makes such capital improvements, Landlord shall amortize its investment in said improvements (together with interest at the rate of fifteen (15%) percent per annum on the unamortized balance) as an operating expense in accordance with standard accounting practices, provided, that such amortization is not at a rate greater than the anticipated savings in the operating expenses.

Further, Landlord hereby represents and covenants that with respect to direct maintenance of the Premises only WSJ's overhead shall be included in these costs and no profit component is or will be built into the cost of the services or materials provided by any of Landlord's subsidiaries or affiliates who are under contract to provide services and materials to the Premises (including without limitation WSJ Properties). Excluded as reimbursable costs from Tenant to Landlord are the following:

1. any fines, costs, penalties or interest resulting from the negligence or willful misconduct of the Landlord or its agents, contractors, or employees;
2. any costs of any services sold or provided to tenants or other occupants for which Landlord or Managing Agent is entitled to be reimbursed by such tenants or other occupants;

3. acquisition costs for sculptures, paintings, or other objects of art; and
4. costs for which Landlord has been compensated by a management fee; for example, accounting costs necessary to operate the Complex and report its financial status to the Landlord.

"Additional Rent" as used herein shall not include Landlord's debt repayments; interest on charges; expenses directly or indirectly incurred by Landlord for the benefit of any other tenant; cost for the installation of partitioning or any other tenant improvements; cost of attracting tenants; depreciation; interest, or executive salaries.

Tenant agrees to contract and pay directly for five-day janitorial service for the leased Premises and Landlord agrees to maintain the Complex in a first-class manner.

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8. ACCEPTANCE AND SURRENDER OF PREMISES By entry hereunder, Tenant accepts the Premises as being in good and sanitary order, condition and repair and accepts the building and improvements included in the Premises in their present condition and without representation or warranty by Landlord as to the condition of such building or as to the use or occupancy which may be made thereof except as otherwise provided herein. Any exceptions to the foregoing must be by written agreement executed by Landlord and Tenant. Tenant agrees on the last day of the Lease term, or on the sooner termination of this Lease, to surrender the Premises promptly and peaceably to Landlord in good condition and repair (damage by Acts of God, fire or normal wear and tear excepted), with all interior walls painted, or cleaned so that they appear freshly painted, and repaired and replaced, if damaged; all floors cleaned and waxed; all carpets cleaned and shampooed; the air conditioning and heating equipment serviced by a reputable and licensed service firm and in good operating condition (provided the maintenance of such equipment has been Tenant's responsibility during the term of this Lease) together with all alterations, additions and improvements which may have been made in, to, or on the Premises (except movable trade fixtures installed at the expense of Tenant) except that subject to Paragraph 9 of this Lease, Landlord shall notify Tenant at the same time as Landlord provides its consent to such alterations, additions, or improvements which exceed \$15,000 in construction costs, whether Landlord desires to have the Premises or any part or parts thereof restored to their condition and configuration as the Premises existed prior to such alteration, addition, or improvement and if Landlord shall so desire, then Tenant shall restore said Premises or such part or parts thereof before the end of this Lease at Tenant's sole cost and expense. In no event shall Tenant be required to restore the cafeteria portion of the Premises to office space or any other usage. Tenant, on or before the end of the term or sooner termination of this Lease, shall remove all of Tenant's personal property and trade fixtures from the Premises, and all property not so removed on or before the end of the term or sooner termination of this Lease shall be deemed abandoned by Tenant and title to same shall thereupon pass to Landlord without compensation to Tenant. Landlord may, upon termination of this Lease, remove all moveable furniture and equipment so abandoned by Tenant, at Tenant's sole cost, and repair any damage caused by such removal at Tenant's sole cost. If the Premises be not surrendered at the end of the term or sooner termination of this Lease, Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Premises including, without limitation, any claims made by any succeeding tenant founded on such delay. Nothing contained herein shall be construed as an extension of the term hereof or as a consent of Landlord to any holding over by Tenant. The voluntary or other surrender of this Lease or the Premises by Tenant or a mutual cancellation of this Lease shall not work as a merger and, at the option of Landlord, shall either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of all or any such subleases or subtenancies.

9. ALTERATIONS AND ADDITIONS Tenant shall not make, or suffer to be made, any alteration or addition to the Premises, or any part thereof, without the written consent of Landlord first had and obtained by Tenant, but at the cost of Tenant, and any addition to, or alteration of, the Premises, except moveable furniture and trade fixtures, shall at once become a part of the Premises and belong to Landlord. If Landlord consents to the making of any alteration, addition, or improvement to or of the Premises by Tenant, the same shall be made at Tenant's sole cost and expense. Subject to Paragraph 17 below, any modifications to the building or building systems required by governmental code or otherwise as a result of Tenant's alterations, additions or improvements shall be made at Tenant's sole cost and expense. Tenant shall retain title to all moveable furniture and trade fixtures placed in the Premises. All heating, lighting, electrical, airconditioning, partitioning, drapery, carpeting and floor installations made by Tenant, together with all property that has become an integral part of the Premises, shall not be deemed trade fixtures. Tenant agrees that it will not proceed to make any alterations or additions, without having obtained consent from Landlord to do so, and until five (5) days from the receipt of such consent, in order that Landlord may post appropriate notices to avoid any liability to contractors or material suppliers for payment for Tenant's improvements. Tenant will at all times permit such notices to be posted

and to remain posted until the completion of work. Tenant shall, if required by

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Landlord, secure at Tenant's own cost and expense, a completion and lien indemnity bond, reasonably satisfactory to Landlord, for such work in excess of \$100,000. Tenant further covenants and agrees that any mechanic's liens filed against the Premises or against the Complex for work claimed to have been done for, or materials claimed to have been furnished to Tenant, will be discharged by Tenant, by bond or otherwise, within ten (10) days after the filing thereof, at the cost and expense of Tenant. Any exceptions to the foregoing must be made in writing and executed by both Landlord and Tenant.

Landlord shall lease the premises to Tenant in an "as-is" condition, and other than Landlord's repair obligation per paragraph 47 and Landlord's code compliance obligation per paragraph 17, all cost of construction including demolition, architectural, drawings, permitting fees, etc, shall be paid by Tenant. Notwithstanding anything herein to the contrary, Landlord agrees to grant Tenant a \$100,000 allowance, in the form of a credit against the first month's Basic Rent, towards improvements Tenant may wish to make to the Premises.

Notwithstanding anything herein to the contrary, upon Landlord's approval of Tenant's initial Tenant Improvements to be installed and paid for by Tenant (except for the \$100,000 allowance as described above), Tenant shall not be required to restore the initial build-out to the configuration and condition in existence as of the date Landlord first delivers possession of the Premises to Tenant. Should Tenant elect to install a ceiling and lighting system that is other than a standard 2 x 2 or 2 x 4 T-Bar grid and 2 x 2 or 2 x 4 drop-in parabolic lens with fluorescent bulb fixtures Landlord may, in its sole discretion determined at the time Landlord approves the plans, require restoration to the existing ceiling system and similar light fixtures. If Tenant makes no changes to the Premises at the outset and uses the Premises in an as-is condition, and later makes substantial renovations or improvements, then, at Landlord's option, any future restoration required shall be to the original condition and configuration as first delivered to Tenant. At the time any subsequent alterations are requested, Landlord shall notify Tenant of any restoration requirements per this paragraph 9. Landlord shall not have the right to approve or disapprove or to require restoration in the event any changes subsequent to the initial build-out of any building meet the following criteria:

- 1) The total cost of construction is less than \$15,000.
- 2) The changes do not in any way affect exiting or fire corridors, restrooms, building entrances, lobbies, building systems or structure. Landlord's granting approval to Tenant to make changes herein described without the obligation to restore is in reliance upon Tenant's making commercially reasonable alterations and Tenant agrees not to use this subparagraph to circumvent Landlord's right to require Tenant to restore the premises under paragraph 9.

Tenant shall have the right to employ a general contractor of its choosing for any modifications desired to be made to the Premises leased hereunder. However, Tenant hereby agrees in the event Tenant elects to make subsequent modifications to the Premises to consider the WSJ Properties Construction Division a preferred vendor and Tenant hereby acknowledges that it is Landlord's strong preference to have WSJ Properties Construction Division perform any modifications to the Premises. Although Tenant shall consider WSJ Properties Construction Division a preferred vendor, Tenant shall be under no obligation to select WSJ Properties and Tenant further acknowledges WSJ is a completely separate entity from Landlord and any disputes relating to construction performed by WSJ for Tenant shall be resolved directly between WSJ and Tenant.

10. TENANT MAINTENANCE Tenant shall at its sole cost and expense, keep and maintain the interior of the Premises (including appurtenances) and every part thereof in a high standard of maintenance and repair, and in good and sanitary condition. Tenant's maintenance and repair responsibilities herein referred to include, but are not limited to, all windows, window frames, plate glass, glazing, truck doors, plumbing systems (such as water and drain lines, sinks, toilets, faucets, drains, showers and water fountains), electrical systems (such as panels, conduits, outlets, lighting fixtures, lamps, bulbs, tubes, ballasts), heating and air-conditioning systems (such as compressors, fans, air handlers, ducts, mixing boxes, thermostats, time clocks, boilers, heaters, supply and return grills), store fronts, roofs, downspouts, all interior improvements within the Premises including but not limited to the kitchen and cafeteria and all related equipment, wall coverings, window coverings, carpet, floor coverings, partitioning, ceilings,

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doors (both interior and exterior, including closing mechanisms, latches, locks, skylights (if any), automatic fire extinguishing systems, and elevators and all other interior improvements of any nature whatsoever. Tenant agrees to provide carpet shields under all rolling chairs or to otherwise be responsible for wear and tear of the carpet caused by such rolling chairs if such wear and tear exceeds that caused by normal foot traffic in surrounding areas. Areas of excessive wear shall be replaced at Tenant's sole expense upon Lease termination. Tenant hereby waives all rights under, and benefits of, subsection 1 of Section 1932 and Section 1941 and 1942 of the California Civil Code and under any similar law, statute or ordinance now or hereafter in effect.

Tenant specifically agrees to maintain the interior and exterior of the Premises, all mechanical equipment and plumbing and electrical systems in a first-class manner. Copies of all maintenance contracts entered into by Tenant shall be supplied to Landlord on a regular basis. In the event the Premises are damaged and Landlord has elected to rebuild the Premises, as set forth in paragraph 24 below, then Tenant shall be excused from maintaining the Premises during the period of rebuilding.

11. UTILITIES OF THE BUILDING IN WHICH THE PREMISES ARE LOCATED

Tenant shall pay promptly, as the same become due, all charges for water, gas, electricity, telephone, telex and other electronic communications service, sewer service, waste pick-up and any other utilities, materials or services furnished directly to or used by Tenant on or about the Premises during the term of this Lease, including, without limitation, any temporary or permanent utility surcharge or other exactions whether or not hereinafter imposed. Landlord shall not be liable for and Tenant shall not be entitled to any abatement or reduction of rent by reason of any interruption or failure of utility services to the Premises when such interruption or failure is caused by accident, breakage, repair, strikes, lockouts, or other labor disturbances or labor disputes of any nature, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord.

12. TAXES A. As Additional Rent and in accordance with paragraph 4D of this Lease, Tenant shall pay to Landlord Tenant's proportionate share of all Real Property Taxes, which prorata share shall be allocated to the leased Premises by square footage or other equitable basis, as calculated by Landlord. The term "Real Property Taxes", as used herein, shall mean (i) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership of the Complex) now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of, all or any portion of the Complex (as now constructed or as may at any time hereafter be constructed, altered, or otherwise changed) or Landlord's interest therein; any improvements located within the Complex (regardless of ownership); the fixtures, equipment and other property of Landlord, real or personal, that are an integral part of and located in the Complex; or parking areas, public utilities, or energy within the Complex; (ii) all charges, levies or fees imposed by reason of environmental regulation or other governmental control of the Complex; and (iii) all costs and fees (including attorney's fees) incurred by Landlord in contesting any Real Property Tax and in negotiating with public authorities as to any Real Property Tax. In the event said contesting results in a refund of Real Property Taxes, Tenant shall be credited with the appropriate proportionate share of said refund reflecting Tenant's period of occupancy. If at any time during the term of this Lease the taxation or assessment of the Complex prevailing as of the commencement date of this Lease shall be altered so that in lieu of or in addition to any Real Property Tax described above there shall be levied, assessed or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate or additional tax or charge (i) on the value, use or occupancy of the Complex or Landlord's interest therein or (ii) on or measured by the gross receipts, income or rentals from the Complex, on Landlord's business of leasing the Complex, or computed in any manner with respect to the operation of the Complex, then any such tax or charge, however designated, shall be included within the meaning of the term "Real Property Taxes" for purposes of this Lease. If any Real Property Tax is based upon property or rents unrelated to the Complex, then only that part of such Real Property Tax that is

fairly allocable to the Complex shall be included within the meaning of the term "Real Property Taxes". Notwithstanding the foregoing, the term "Real Property Taxes" shall not include estate, inheritance, gift or franchise taxes of Landlord or the federal or state net income tax imposed on Landlord's income from all sources.

B. TAXES ON TENANT'S PROPERTY

(1) Tenant shall be liable for and shall pay ten days before delinquency, taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises is increased by the inclusion therein of a value placed upon such personal property or trade fixtures of Tenant and if Landlord, after written notice to Tenant, pays the taxes based on such increased assessment, which Landlord shall have the right to do regardless of the validity thereof, but only under proper protest if requested by Tenant, Tenant shall upon demand, as the case may be, repay to Landlord the taxes so levied against Landlord, or the proportion of such taxes resulting from such increase in the assessment; provided that in any such event Tenant shall have the right, in the name of Landlord and with Landlord's full cooperation, to bring suit in any court of competent jurisdiction to recover the amount of any such taxes so paid under protest, and any amount so recovered shall belong to Tenant.

(2) If the Tenant improvements in the Premises, whether installed, and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof; are assessed for Real Property Tax purposes at a valuation higher than the valuation at which standard office improvements in other space in the Complex are assessed, then the Real Property Taxes and assessments levied against Landlord or the Complex by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of 12A(i), above. If the records of the County Assessor are available and sufficient detailed to serve as a basis for determining whether said Tenant improvements are assessed at a higher valuation than standard office improvements in other space in the Complex, such records shall be binding on both the Landlord and the Tenant. If the records of the County Assessor are not available or sufficiently detailed to serve as a basis for making said determination, the actual cost of construction shall be used.

13. LIABILITY INSURANCE Tenant, at Tenant's expense, agrees to keep in force during the term of this Lease a policy of comprehensive public liability insurance with limits in the amount of \$1,000,000/1,000,000 for injuries to or death of persons occurring in, on or about the Premises or the Complex, and property damage insurance with limits of \$500,000. The policy or policies affecting such insurance, certificates of which shall be furnished to Landlord, shall name Landlord as additional insured, and shall insure any liability of Landlord, contingent or otherwise, as respects acts or omissions of Tenant, its agents, employees or invitees or otherwise by any conduct or transactions of any of said persons in or about or concerning the Premises, including any failure of Tenant to observe or perform any of its obligations hereunder; shall be issued by an insurance company admitted to transact business in the State of California; and shall provide that the insurance effected thereby shall not be canceled, except upon thirty (30) days' prior written notice to Landlord. If, during the term of this Lease, in the reasonable opinion of Landlord's Lender, insurance advisor or counsel, the amount of insurance described in this paragraph 13 is not adequate, Tenant agrees to increase said coverage to such reasonable amount as Landlord's Lender, insurance advisor or counsel shall deem adequate. Landlord shall carry a reasonable amount of liability insurance.

14. TENANT'S PERSONAL PROPERTY INSURANCE AND WORKER'S COMPENSATION INSURANCE Tenant shall maintain a policy or policies of fire and property damage insurance in "all risk" form with a sprinkler leakage endorsement insuring the personal property, inventory, trade fixtures and leasehold improvements within the leased Premises for the full replacement value thereof. The proceeds from any of such policies shall be used for the repair or replacement of such items so insured.

Tenant shall also maintain a policy or policies of worker's compensation insurance and any other employee benefit insurance sufficient to comply with all laws.

15. PROPERTY INSURANCE Landlord shall purchase and keep in force and, as Additional Rent and in accordance with Paragraph 4D of this Lease, Tenant shall pay to Landlord Tenant's proportionate share (calculated on a square footage or other equitable basis as calculated by Landlord) of the cost of policy or policies of insurance covering loss or damage to the Premises

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and Complex in the amount of the full replacement value thereof, providing protection against those perils included within the classification of "all risks" insurance and flood and/or earthquake insurance, if available, plus a liability policy and a policy of rental income insurance in the amount of one hundred (100%) percent of twelve (12) months Basic Rent, plus sums paid as Additional Rent. If such insurance cost is increased due to Tenant's use of the Premises or the Complex, Tenant agrees to pay to Landlord the full cost of such increase. Tenant shall have no interest in nor any right to the proceeds of any insurance procured by Landlord for the Complex.

Landlord and Tenant do each hereby respectively release the other, to

the extent of insurance coverage of the releasing party, from any liability for loss or damage caused by fire or any of the extended coverage casualties included in the releasing party's insurance policies, irrespective of the cause of such fire or casualty; provided, however, that if the insurance policy of either releasing party prohibits such waiver, then this waiver shall not take effect until consent to such waiver is obtained. If such waiver is so prohibited, the insured party affected shall promptly notify the other party thereof.

16. INDEMNIFICATION Landlord shall not be liable to Tenant and Tenant hereby waives all claims against Landlord for any injury to or death of any person or damage to or destruction of property in or about the Premises or the Complex by or from any cause whatsoever, including, without limitation, gas, fire, oil, electricity or leakage of any character from the roof, walls, basement or other portion of the Premises or the Complex but excluding, however, the negligence or willful misconduct of Landlord, its agents, servants, employees, invitees, or contractors of which negligence Landlord has knowledge and reasonable time to correct. The requirement of knowledge and reasonable time to correct shall not apply to direct negligent acts by Landlord or Landlord's agents, servants, employees, invitees, or contractors. Except as to injury to persons or damage to property the principal cause of which is the negligence or willful misconduct of Landlord, its agents, servants, employees, invitees, or contractors, Tenant shall hold Landlord harmless from and defend Landlord against any and all expenses, including reasonable attorney's fees, in connection therewith, arising out of any injury to or death of any person or damage to or destruction of property occurring in, on or about the Premises, or any part thereof, from any cause whatsoever.

17. COMPLIANCE Tenant, at its sole cost and expense, shall promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now or hereafter in effect; with the requirements of any board of fire underwriters or other similar body now or hereafter constituted; and with any direction or occupancy certificate issued pursuant to law by any public officer; provided, however, that no such failure shall be deemed a breach of these provisions if Tenant, immediately upon notification, commences to remedy or rectify said failure. The judgement of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such law, statute, ordinance or governmental rule, regulation, requirement, direction or provision, shall be conclusive of that fact as between Landlord and Tenant. This paragraph shall not be interpreted as requiring Tenant to make structural changes or improvements, except to the extent such changes or improvements are required as a result of Tenant's use of the Premises. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to said Premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance covering the Premises.

With respect to all applicable local, state and federal regulations and codes including without limitation the Americans with Disabilities Act and Title XXIV of the California Energy Code, as of the commencement of the lease term for the Premises, Landlord at Landlord's sole cost and expense shall make all modifications to the exterior of the Premises such as parking lots, stairways, walkways, etc. to bring the exterior of the Premises leased hereunder into compliance. Commencing as of the date Landlord offers possession of the Premises to Tenant, Landlord shall at Landlord's sole cost and expense make any governmentally required modifications to the restrooms to bring them into compliance with all applicable codes. Landlord's compliance obligations with respect to the restrooms set forth in this paragraph 17 shall also include replacing fixtures and finishes as necessary. Landlord's sole obligation with respect to compliance is therefore limited to any governmentally required modifications to the Bathrooms within the Premises and any governmentally required modifications to the exterior. All other costs and obligations

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with respect to compliance shall rest solely with Tenant. All such interior modifications shall be completed diligently prior to the Lease Commencement Date referenced in Paragraph 2A above. All exterior modifications to be made by Landlord shall be diligently constructed to completion.

18. LIENS Tenant shall keep the Premises and the Complex free from any liens arising out of any work performed, materials furnished or obligation incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of such lien, cause the same to be released of record, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but no obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all expenses incurred by it in connection therewith, shall be payable to Landlord by Tenant on demand with interest at the prime rate of interest as quoted by the Bank of America.

19. ASSIGNMENT AND SUBLETTING Tenant shall not assign, transfer or hypothecate the leasehold estate under this Lease, or any interest therein, and shall not sublet the Premises, or any part thereof, or any right or privilege

appurtenant thereto, or suffer any other person or entity to occupy or use the Premises, or any portion thereof, without, in each case, the prior written consent of Landlord which consent will not be unreasonably withheld. Tenant agrees to pay to Landlord, as additional rent, 50% of all rents (after Tenant deducts all costs of subleasing) or additional consideration received by Tenant from its assignees, transferees or subtenants excluding the permitted assignees described in the last sentence of this paragraph in excess of the rent payable by Tenant to Landlord hereunder. Tenant shall, by thirty (30) days' written notice, advise Landlord of its intent to assign or transfer Tenant's interest in the Lease or sublet the Premises or any portion thereof for any part of the term hereof. In the event Tenant is allowed to assign, transfer or sublet the whole or any part of the Premises, with the prior written consent of Landlord, no assignee, transferee or subtenant shall assign or transfer this Lease, either in whole or in part, or sublet the whole or any part of the Premises, without also having obtained the prior written consent of Landlord. A consent of Landlord to one assignment, transfer, hypothecation, subletting, occupation or use by any other person shall not release Tenant from any of Tenant's obligations hereunder or be deemed to be a consent to any subsequent similar or dissimilar assignment, transfer, hypothecation, subletting, occupation or use by any other person. Any such assignment, transfer, hypothecation, subletting, occupation or use without such consent shall be void and shall constitute a breach of this Lease by Tenant and shall, at the option of Landlord exercised by written notice to Tenant, terminate this Lease. The leasehold estate under this Lease shall not, nor shall any interest therein, be assignable for any purpose by operation of law without the written consent of Landlord. As a condition to its consent, Landlord may require Tenant to pay all reasonable expenses in connection with the assignment, and Landlord may require Tenant's assignee or transferee (or other assignees or transferees) to assume in writing all of the obligations under this Lease and for Tenant to remain liable to Landlord under the Lease. Notwithstanding the foregoing, without the prior consent of Landlord, Tenant shall have the right (i) to assign this Lease to an affiliate or subsidiary of Tenant or (ii) to merge with another corporation or entity or (iii) to enter into an acquisition of another corporation or be acquired by another corporation, in each case provided that Landlord is promptly provided with notice thereof and Tenant remains fully liable for the full performance of Tenant's obligation under the Lease; provided, however, that in the event Tenant merges into another entity or is wholly acquired by another entity (in each case, the "Successor Entity"), and provided Tenant ceases to exist and the Successor Entity is at least as well capitalized as Tenant and has at least the same overall financial wherewithal as Tenant had prior to such merger or acquisition, it shall be the Successor Entity (not Tenant) who shall be fully liable hereunder as the successor tenant.

20. SUBORDINATION AND MORTGAGES In the event Landlord's title or leasehold interest is now or hereafter encumbered by a deed of trust, upon the interest of Landlord in the land and buildings in which the demised Premises are located, to secure a loan from a lender (hereinafter referred to as "Lender") to Landlord, Tenant shall, at the request of Landlord or Lender, execute in writing an agreement subordinating its rights under this Lease to the lien of such deed of trust, or, if so requested, agreeing that the lien of Lender's deed of trust shall be or remain subject and subordinate to the rights of Tenant under this Lease. Tenant hereby irrevocably appoints Landlord the attorney in fact of Tenant to execute, deliver and record any such instrument or instruments for and in the name and on behalf of Tenant. Notwithstanding any such subordination, Tenant's possession under this Lease shall not be disturbed if

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Tenant is not in default and so long as Tenant shall pay all rent and observe and perform all of the provisions set forth in this Lease and any such subordination agreement shall so reflect. Tenant agrees to send to any mortgagees and/or deed of trust holders, by registered mail, a copy of any notice of default served by Tenant upon the Landlord, provided that prior to such notice, Tenant has been notified, in writing (by way of notice of assignment of rents or otherwise) of the addresses of such mortgagees and/or deed of trust holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, any such mortgagees and/or deed of trust holders shall have an additional thirty (30) days within which to cure such default, or if such default is not reasonably susceptible of cure within that time, then such additional time as may be reasonably necessary if within such (30) days, any mortgagee and/or deed of trust holder has commenced and is diligently pursuing the remedies necessary to cure such default, (including but not limited to commencement of foreclosure proceedings), in which event this Lease shall not be terminated when such remedies are being diligently pursued. Landlord further represents that there are no outstanding loans on the Premises leased hereunder. In the event Landlord borrows in the future and uses the Premises leased hereunder as security, Landlord shall so notify Tenant.

21. ENTRY BY LANDLORD Landlord reserves, and shall during normal business hours have, the right to enter the Premises to inspect them; to perform any services to be provided by Landlord hereunder; to submit the Premises to prospective purchasers, mortgagors or tenants; to post notices of nonresponsibility; and to alter, improve or repair the Premises and any portion of the Complex, all without abatement of rent; and may erect scaffolding and

other necessary structures in or through the Premises where reasonably required by the character of the work to be performed; provided, however, that the business of Tenant shall be interfered with to the least extent that is reasonably practical. For each of the foregoing purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Landlord shall also have the right at any time to change the arrangement or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Complex and to change the name, number or designation by which the Complex is commonly known, and none of the foregoing shall be deemed an actual or constructive eviction of Tenant, or shall entitle Tenant to any reduction of rent hereunder, and no such changes shall unreasonably interfere with Tenant's use of or access to the building leased hereunder.

22. BANKRUPTCY AND DEFAULT The commencement of a bankruptcy action or liquidation action or reorganization action or insolvency action or an assignment of or by Tenant for the benefit of creditors, or any similar action undertaken by Tenant, or the insolvency of Tenant, shall, at Landlord's option, constitute a breach of this Lease by Tenant. If the trustee or receiver appointed to serve during a bankruptcy, liquidation, reorganization, insolvency or similar action elects to reject Tenant's unexpired Lease, the trustee or receiver shall notify Landlord in writing of its election within thirty (30) days after an order for relief in a liquidation action or within thirty (30) days after the commencement of any action.

Within thirty (30) days after court approval of the assumption of this Lease, the trustee or receiver shall cure (or provide adequate assurance to the reasonable satisfaction of Landlord that the trustee or receiver shall cure) any and all previous defaults under the unexpired Lease and shall compensate Landlord for all actual pecuniary loss and shall provide adequate assurance of future performance under said Lease to the reasonable satisfaction of Landlord. Adequate assurance of future performance, as used herein, includes, but shall not be limited to: (i) assurance of source and payment of rent, and other consideration due under this Lease; (ii) assurance that the assumption or assignment of this Lease will not breach substantially any provision, such as radius, location, use, or exclusivity provision, in any agreement relating to the above described Premises.

Nothing contained in this section shall affect the existing right of Landlord to refuse to accept an assignment upon commencement of or in connection with a bankruptcy, liquidation, reorganization or insolvency action or an assignment of Tenant for the benefit of creditors or other similar act. Nothing contained in this Lease shall be construed as giving or granting or creating an equity in the demised Premises to Tenant. In no event shall the leasehold estate under this Lease, or any interest therein, be

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assigned by voluntary or involuntary bankruptcy proceeding without the prior written consent of Landlord. In no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

The failure to perform or honor any covenant, condition or representation made under this Lease shall constitute a default hereunder by Tenant upon expiration of the appropriate grace period hereinafter provided. Tenant shall have a period of five (5) days from the date of written notice from Landlord within which to cure any default in the payment of rental or adjustments thereto. Tenant shall have a period of twenty (20) days from the date of written notice from Landlord within which to commence to cure any other default under this Lease and Tenant shall diligently prosecute the cure to completion. Upon an uncured default of this Lease by Tenant, Landlord shall have the following rights and remedies in addition to any other rights or remedies available to Landlord at law or in equity:

(a) The rights and remedies provided for by California Civil Code Section 1951.2, including but not limited to, recovery of the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of said Section 1951.2. Any proof by Tenant under subparagraphs (2) and (3) of Section 1951.2 of the California Civil Code of the amount of rental loss that could be reasonably avoided shall be made in the following manner: Landlord and Tenant shall each select a licensed real estate broker in the business of renting property of the same type and use as the Premises and in the same geographic vicinity. Such two real estate brokers shall select a third licensed real estate broker, and the three licensed real estate brokers so selected shall determine the amount of the rental loss that could be reasonably avoided from the balance of the term of this Lease after the time of award. The decision of the majority of said licensed real estate brokers shall be final and

binding upon the parties hereto.

(b) The rights and remedies provided by California Civil Code which allows Landlord to continue the Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due, for so long as Landlord does not terminate Tenant's right to possession; acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of Tenant's right to possession.

(c) The right to terminate this Lease by giving notice to Tenant in accordance with applicable law.

(d) The right and power, as attorney-in-fact for Tenant, to enter the Premises and remove therefrom all persons and property, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant and to sell such property and apply such proceeds therefrom pursuant to applicable California law. Landlord, as attorney-in-fact for Tenant, may from time to time sublet the Premises or any part thereof for such term or terms (which may extend beyond the term of this Lease) and at such rent and such other terms as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises. Upon each subletting, (i) Tenant shall be immediately liable to pay Landlord, in addition to indebtedness other than rent due hereunder, the cost of such subletting, including, but not limited to, reasonable attorney's fees, and any real estate commissions actually paid, and the cost of such alterations and repairs incurred by Landlord and the amount, if any, by which the rent hereunder for the period of such subletting (to the extent such period does not exceed the term hereof) exceeds the amount to be paid as rent for the Premises for such period or (ii) at the option of Landlord, rents received from such subletting shall be applied first to payment of indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such subletting and of such alterations and repairs; third to payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same becomes due hereunder. If Tenant has been credited with any rent to be received by such subletting under option (i) and such rent shall not be promptly paid to Landlord by the subtenant(s), or if such rentals received from such subletting under option (ii) during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. For all purposes set forth in this subparagraph (d), Landlord is hereby irrevocably appointed attorney-in-fact for Tenant, with power of substitution. No taking possession of the Premises by Landlord, as attorney-in-fact for Tenant, shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant. Notwithstanding any such subletting without termination, Landlord may at any time hereafter elect to terminate this Lease for such previous breach.

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(e) The right to have a receiver appointed for Tenant upon application by Landlord, to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord as attorney-in-fact for Tenant pursuant to subparagraph (d) above.

23. ABANDONMENT Tenant shall not vacate or abandon the Premises at any time during the term of this Lease; and if Tenant shall abandon, vacate or surrender said Premises, or be dispossessed by the process of law, or otherwise, any personal property belonging to Tenant and left on the Premises shall be deemed to be abandoned, at the option of Landlord, except such property as may be mortgaged to Landlord.

24. DESTRUCTION

In the event the Premises are damaged or destroyed in whole or in part from any cause, Landlord shall, within fifteen (15) days of the event of such damage or destruction, notify Tenant in writing as to the approximate length of time necessary for Landlord to reconstruct the Premises to substantially its former condition. If such estimate exceeds one hundred eighty (180) days from the date of damage or destruction, Tenant shall have the option, within ten (10) days of receipt of Landlord's notice, to terminate this Lease. If Tenant does not exercise its option to terminate, or if Tenant is not entitled to terminate under this paragraph, Landlord shall promptly, at its sole expense, rebuild or restore the Premises to substantially the condition existing prior to the date of damage or destruction. Tenant shall be entitled to a reduction in rent while such repair is being made in the proportion that the area of the Premises rendered untenable by such damage bears to the total area of the Premises. If Landlord does not complete the rebuilding or restoration within one hundred eighty (180) days following the date of destruction (such period of time to be extended for delays caused by the fault or neglect of Tenant or because of Acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or

fuels), then Tenant shall have the right to terminate this Lease by giving fifteen (15) days prior written notice to Landlord. Notwithstanding anything herein to the contrary, Landlord's obligation to rebuild or restore shall be limited to the building and interior improvements constructed by Landlord as they existed as of the commencement date of the Lease and the initial Tenant Improvements installed at the commencement of the term, but shall not include restoration of Tenant's trade fixtures, equipment, merchandise or any subsequent improvements, alterations or additions made by Tenant to the Premises, which Tenant shall forthwith replace or fully repair at Tenant's sole cost and expense provided this Lease is not canceled according to the provisions above. Unless this Lease is terminated pursuant to the foregoing provisions, this Lease shall remain in full force and effect. Tenant hereby expressly waives the provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4 of the California Civil Code.

Notwithstanding anything to the contrary set forth above, in the event the damage or destruction of the Premises (i) occurs during the last two years of the term (unless any applicable extension option has been exercised) and (ii) has rendered at least 33% of the Premises unusable by Tenant, Landlord shall have the option during the aforementioned fifteen (15) day period to elect not to rebuild the Premises by so notifying Tenant or to elect to terminate this Lease by so notifying Tenant.

25. EMINENT DOMAIN If all or any part of the Premises shall be taken by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, this Lease shall terminate as to any portion of the Premises so taken or conveyed on the date when title vests in the condemnor, and Landlord shall be entitled to any and all payment, income, rent, award or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance, and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired term of this Lease. Notwithstanding the foregoing paragraph, any compensation specifically awarded Tenant for loss of business, Tenant's personal property, moving cost or loss of goodwill, shall be and remain the property of Tenant.

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If (i) any action or proceeding is commenced for such taking of the Premises or any part thereof, or if Landlord is advised in writing by any entity or body having the right or power of condemnation of its intention to condemn the Premises or any portion thereof, or (ii) any of the foregoing events occur with respect to the taking of any space in the Complex not leased hereby, or if any such space is so taken or conveyed in lieu of such taking and Landlord shall decide to discontinue the use and operation of the Complex, or decide to demolish, alter or rebuild the Complex, then in any of such events Landlord shall have the right to terminate this Lease by giving Tenant written notice thereof within sixty (60) days of the date of receipt of said written advice, or commencement of said action or proceeding, or taking or conveyance, which termination shall take place as of the first to occur of the last day of the calendar month next following the month in which such notice is given or the date on which title to the Premises shall vest in the condemnor.

In the event of such a partial taking or conveyance of the Premises, if the portion of the Premises taken or conveyed is so substantial that the Tenant can no longer reasonably conduct its business, Tenant shall have the privilege of terminating this Lease within sixty (60) days from the date of such taking or conveyance, upon written notice to Landlord of its intention so to do, and upon giving of such notice this Lease shall terminate on the last day of the calendar month next following the month in which such notice is given, upon payment by Tenant of the rent from the date of such taking or conveyance to the date of termination.

If a portion of the Premises be taken by condemnation or conveyance in lieu thereof and neither Landlord nor Tenant shall terminate this Lease as provided herein, this Lease shall continue in full force and effect as to the part of the Premises not so taken or conveyed, and the rent herein shall be apportioned as of the date of such taking or conveyance so that thereafter the rent to be paid by Tenant shall be in the ratio that the area of the portion of the Premises not so taken or conveyed bears to the total area of the Premises prior to such taking.

26. SALE OR CONVEYANCE BY LANDLORD In the event of a sale or conveyance of the Complex or any interest therein, by any owner of the reversion then constituting Landlord, the transferor shall thereby be released from any liability thereafter arising upon any of the terms, covenants or conditions (express or implied) herein contained in favor of Tenant, and in such event, insofar as such transfer is concerned, Tenant agrees to look solely to the responsibility of the successor in interest of such transferor in and to the Complex and this Lease. This Lease shall not be affected by any such sale or conveyance, and Tenant agrees to attorn to the successor in interest of such transferor.

27. ATTORNTMENT TO LENDER OR THIRD PARTY In the event the interest of Landlord in the land and buildings in which the leased Premises are located

(whether such interest of Landlord is a fee title interest or a leasehold interest) is encumbered by deed of trust, and such interest is acquired by the lender or any third party through judicial foreclosure or by exercise of a power of sale at private trustee's foreclosure sale, Tenant hereby agrees to attorn to the purchaser at any such foreclosure sale and to recognize such purchaser as the Landlord under this Lease. In the event the lien of the deed of trust securing the loan from a Lender to Landlord is prior and paramount to the lease, this Lease shall nonetheless continue in full force and effect for the remainder of the unexpired term hereof, at the same rental herein reserved and upon all the other terms, conditions and covenants herein contained.

28. HOLDING OVER Any holding over by Tenant after expiration or other termination of the term of this Lease with the written consent of Landlord delivered to Tenant shall not constitute a renewal or extension of the Lease or give Tenant any rights in or to the leased Premises except as expressly provided in this Lease. Any holding over after the expiration or other termination of the term of this lease, with the consent of Landlord, shall be construed to be a tenancy from month to month, on the same terms and conditions herein specified insofar as applicable except that the monthly Basic Rent shall be increased to an amount equal to one hundred twenty-five (125%) percent of the monthly Basic Rent required during the last month of the Lease term. Tenant shall have the right, upon one year's prior written notice to Landlord, to extend the lease termination date for this Lease up to 6 months beyond the lease expiration date provided. The Basic Rent during this extended period shall be 125% of the monthly Basic Rent then in effect for the month immediately prior to the Lease expiration.

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29. CERTIFICATE OF ESTOPPEL Tenant shall at any time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modifications except as may be represented by Landlord; that there are no uncured defaults in Landlord's performance, and that not more than one month's rent has been paid in advance. If requested by Tenant, Landlord shall issue Tenant a certificate of Estoppel stating whether or not Tenant is in compliance with the Lease and is current on rental payments.

30. CONSTRUCTION CHANGES Landlord does not guarantee the accuracy of any drawings supplied to Tenant and verification of the accuracy of such drawings rests with Tenant.

31. RIGHT OF LANDLORD TO PERFORM All terms, covenants and conditions of this Lease to be performed or observed by Tenant shall be performed or observed by Tenant at Tenant's sole cost and expense and without any reduction of rent. If Tenant shall fail to pay any sum of money, or other rent, required to be paid by it hereunder or shall fail to perform any other term or covenant hereunder on its part to be performed, and such failure shall continue for five (5) days after written notice thereof by Landlord, Landlord, without waiving or releasing Tenant from any obligation of Tenant hereunder, may, but shall not be obligated to, make any such payment or perform any such other term or covenant on Tenant's part to be performed. All sums so paid by Landlord and all necessary costs of such performance by Landlord together with interest thereon at the rate of the prime rate of interest per annum as quoted by the Bank of America from the date of such payment of performance by Landlord, shall be paid (and Tenant covenants to make such payment) to Landlord on demand by Landlord, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of non-payment by Tenant as in the case of failure by Tenant in the payment of rent hereunder.

32. ATTORNEYS FEES

(A) In the event that Landlord should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease, or for any other relief against Tenant hereunder, or in the event that Tenant should bring suit against Landlord for the recovery of any sums due hereunder or because of the breach of any provision of this Lease or for any other relief against Landlord hereunder, then all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgement.

(B) Should Landlord be named as a defendant in any suit brought against

Tenant in connection with or arising out of Tenant's occupancy hereunder, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including a reasonable attorney's fee, except to the extent Landlord's cost and expense were caused by the negligence or willful misconduct of Landlord, its agents or employees.

33. WAIVER The waiver by either party of the other party's failure to perform or observe any term, covenant or condition herein contained to be performed or observed by such waiving party shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent failure of the party failing to perform or observe the same or any other such term, covenant or condition therein contained, and no custom or practice which may develop between the parties hereto during the term hereof shall be deemed a waiver of, or in any way affect, the right of either party to insist upon performance and observance by the other party in strict accordance with the terms hereof.

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34. NOTICES All notices, demands, requests, advices or designations which may be or are required to be given by either party to the other hereunder shall be in writing. All notices, demands, requests, advices or designations by Landlord to Tenant shall be sufficiently given, made or delivered if personally served on Tenant or if sent by United States certified or registered mail, postage prepaid, addressed to Tenant at Intuit Inc., 2535 Garcia Avenue, Mountain View, California 94043, Attn: General Counsel. All notices, demands, requests, advices or designations by Tenant to Landlord shall be sent by United States certified or registered mail, postage prepaid, addressed to Landlord at its offices at 3201 Ash Street, Palo Alto, CA 94306.

Each notice, request, demand advice or designation referred to in this paragraph shall be deemed received on the date of the personal service or mailing thereof in the manner herein provided, as the case may be.

35. EXAMINATION OF LEASE Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and this instrument is not effective as a lease or otherwise until its execution and delivery by both Landlord and Tenant. Landlord and Tenant mutually intend that neither shall have any binding contractual obligations to the other with respect to the matters referred to herein unless and until this instrument has been fully executed by both parties.

36. DEFAULT BY LANDLORD Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event earlier than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have heretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligations is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Notwithstanding anything to the contrary set forth above in this paragraph 36, Landlord and Tenant agree that under certain "emergency circumstances", Tenant shall have the right to perform obligations otherwise required of Landlord without the necessity of providing Landlord (and any mortgagee) with such thirty (30) day notice and opportunity to cure. Under such "emergency circumstances", Tenant shall use its good faith reasonable judgement in determining a shorter notice period for response by Landlord or determining that the matter at hand must be resolved immediately such that notice can only be given after the fact. For the purposes hereof, "emergency circumstances" shall mean (i) any hazardous situation that poses a threat of damage, destruction or injury to any person or property of a material nature or otherwise threatens the safety of employees and/or visitors to the Premises or (ii) any other circumstance that involves a substantial interference with the operations of Tenant's business enterprise in the Premises, including without limitation the launching of new software products or revisions thereto (especially to correct existing problems which must be addressed immediately) to enable customers to perform needed financial and tax-related functions, which is of special concern during the months preceding April 15th of each calendar year.

37. CORPORATE AUTHORITY

If Tenant is a corporation (or a partnership) each individual executing this Lease on behalf of said corporation (or partnership) represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation (or partnership) in accordance with the by-laws of said corporation (or partnership in accordance with the partnership agreement) and that this Lease is binding upon said corporation (or partnership) in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days of written request by Landlord after execution of this Lease, deliver to Landlord a certified copy of the resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

38. BASIC RENT ADJUSTMENT (deleted)

39. LIMITATION OF LIABILITY In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:
- (i) the sole and exclusive remedy shall be against Landlord and Landlord's assets;
 - (ii) no partner of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of the partnership)
 - (iii) no service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction of the partnership)
 - (iv) no partner of Landlord shall be required to answer or otherwise plead to any service of process;
 - (v) no judgement shall be taken against any partner of Landlord;
 - (vi) any judgement taken against any partner of Landlord may be vacated and set aside at any time without hearing;
 - (vii) no writ of execution will ever be levied against the assets of any partner of Landlord;
 - (viii) these covenants and agreements are enforceable both by Landlord and also by any partner of Landlord.
 - (ix) The term, "Landlord", as used in this section, shall mean only the owner or owners from time to time of the fee title or the tenant's interest under a ground lease of the land described in Exhibit "B", and in the event of any transfer of such title or interest, Landlord herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed, provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. Similarly, the obligations contained in this Lease to be performed by Landlord shall be binding on Landlord's successors and assigns only during their respective periods of ownership. Tenant agrees that each of the foregoing covenants and agreements shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by statute or at common law.

40. BROKERS Tenant warrants that it had dealing with only the following real estate brokers or agents in connection with the negotiation of this Lease: NONE and that it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease.

41. SIGNS No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside of the Premises or any exterior windows of the Premises without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. If Tenant is allowed to print or affix or in any way place a sign in, on, or about the Premises, then upon expiration or other sooner termination of this Lease, Tenant at Tenant's sole cost and expense shall both remove such sign and repair all damage in such manner as to restore all aspects of the appearance of the Premises to the condition prior to the placement of said sign.

All approved signs or lettering on outside doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. Tenant shall not place anything or allow anything to be placed near the glass of any window, door partition or wall which may appear unsightly from outside the Premises.

Subject to the approval of the City of Mountain View and Landlord, whose consent shall not be unreasonably withheld or delayed, Tenant, at Tenant's sole cost and expense, shall have the right to install (i) a monument sign located at the main driveway entrance to the Complex; (ii) suitable building signage adjacent to the Premises and (iii) suitable directional signage in the common areas and within the Premises leased hereunder. At Tenant's request, Landlord shall promptly remove all prior tenant signage from the Premises and any common areas adjacent thereto and said removal shall not be at Tenant's expense.

42. FINANCIAL STATEMENTS In the event Tenant tenders to Landlord any information on the financial stability, credit worthiness or ability of the Tenant to pay the rent due and owing under the Lease, then Landlord shall be entitled to rely upon the information provided in determining whether or not to enter into this Lease Agreement with Tenant and Tenant hereby represents and warrants to Landlord the following: (i) That all documents provided by Tenant to Landlord are true and correct copies of the original; and (ii) Tenant has not withheld any information from Landlord which is material to Tenant's credit worthiness, financial condition or ability to pay the rent; and (iii) all information supplied by Tenant to Landlord is true, correct and accurate in every material aspect; and (iv) no part of the information supplied by Tenant to Landlord contains misleading or fraudulent statements as to any material matter.

A default under this paragraph shall be a non-curable default on behalf of Tenant and Landlord shall be entitled to pursue any right or remedy available to Landlord under the terms of this Lease or available to Landlord under the laws of the State of California.

43. HAZARDOUS MATERIALS

A. As used herein, the term "Hazardous Material" shall mean any substance or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety or property including all of those materials and substances designated or defined as "hazardous" or "toxic" by (i) the Environmental Protection Agency, the California Water Quality Control Board, the Department of Labor, the California Department of Industrial Relations, the Department of Transportation, the Department of Agriculture, the Consumer Product Safety Commission, the Department of Health and Human Services, the Food and Drug Agency or any other governmental agency now or hereafter authorized to regulate materials and substances in the environment, or by (ii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601 et seq., as amended; the Hazardous Materials Transportation Act, 49 U.S.C. 1801, et seq., as amended; the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., as amended; the Hazardous Waste Control Law, California Health & Safety Code 25100 et seq., as amended; Sections 66680 through 66685 of Title 22 of the California Administration Code, Division 4, Chapter 30, as amended; and in the regulations adopted and publications promulgated pursuant to said laws.

B. Tenant shall not cause or permit any Hazardous Material to be improperly or illegally used, stored, discharged, released or disposed of in, from, under or about the Premises or the Complex, or any other land or improvements in the vicinity of the Premises or the Complex. Without limiting the generality of the foregoing, Tenant, at its sole cost, shall comply with all laws relating to Hazardous Materials. If the presence of Hazardous Materials on the Premises or the Complex caused or permitted by Tenant results in contamination of the Premises or the Complex or any soil in or about the Premises or the Complex, Tenant, as its expense shall promptly take all actions necessary to return the Premises or the Complex to the condition existing prior to the appearance of such Hazardous Material. The termination of this Lease shall not terminate or reduce the liability or obligations of Tenant under this Section, or as may be required by law, to clean up, monitor or remove any Hazardous Materials from the Premises or the Complex.

Tenant shall defend, hold harmless and indemnify Landlord and its agents and employees with respect to all claims, damages and liabilities arising out of or in connection with any Hazardous Material used, stored, discharged, released or disposed of in, from, under or about the Premises or the Complex, where said Hazardous Material is or was attributable to the activities of Tenant, its agents or contractors during the Lease term and whether or not Tenant had knowledge of such Hazardous Material, including, without limitation, any cost of monitoring or removal, any reduction in the fair market value or fair rental value of the Premises or the Complex and any loss, claim or demand by any third person or entity relating to bodily injury or damage to real or personal property.

Tenant shall not suffer any lien to be recorded against the Premises or the Complex as a consequence of a Hazardous Material, including any so called state, federal or local "super fund" lien related to the "clean up" of a Hazardous Material in or about the Premises, where said Hazardous Material is or was attributable to the activities of Tenant.

C. In the event Hazardous Materials are discovered in or about the Premises or the Complex, and Landlord has substantial reason to believe that Tenant was responsible for the presence of the Hazardous Material, then Landlord shall have the right to appoint a consultant, at Tenant's expense, to conduct an investigation to determine whether Hazardous Materials are located in or about the Premises or the Complex and to determine the corrective measures, if any, required to remove such Hazardous Materials. Tenant, at its expense, shall

comply with all recommendations of the consultant, as required by law. To the extent it is determined that Tenant was not responsible for the presence of the Hazardous Materials, then Landlord shall reimburse Tenant for any costs incurred by Landlord and paid by Tenant under the terms of this paragraph 43.C.

Tenant shall immediately notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant or the Premises or the Complex concerning a Hazardous Material. Tenant acknowledges that Landlord, as the owner of the Property, at its election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued with regard to a Hazardous Material by an applicable governmental authority. Provided Tenant is not in default under the terms of this Lease, Tenant shall likewise have the right to participate in any negotiations, approvals or appeals of any actions taken or orders issued with regard to the Hazardous Material and Landlord shall not have the right to bind Tenant in said actions or orders.

Landlord shall defend, hold harmless and indemnify Tenant and its agents and employees with respect to all claims, damages and liabilities arising out of or in connection with any Hazardous Material used, stored, discharged, released or disposed of in, from, under or about the Premises or the Complex, where said Hazardous Material is or was not attributable to the activities of Tenant, its agents or contractors during the Lease term and whether or not Tenant had knowledge of such Hazardous Material including, without limitation, any cost of monitoring or removal, any reduction in the fair market value or fair rental value of the Premises or the Complex and any loss, claim or demand by any third person or entity relating to bodily injury or damage to real or personal property.

D. It shall not be unreasonable for Landlord to withhold its consent to any proposed assignment or subletting if (i) the proposed assignee's or subtenant's anticipated use of the Premises involves the storage, use or disposal of Hazardous Material; (ii) if the proposed assignee or subtenant has been required by any prior landlord, lender or governmental authority to "clean up" Hazardous Material; (iii) if the proposed assignee or subtenant is subject to investigation or enforcement order or proceeding by any governmental authority in connection with the use, disposal or storage of a Hazardous Material.

E. Tenant shall surrender the Premises to Landlord, upon the expiration or earlier termination of the Lease, free of Hazardous Materials which are or were attributable to Tenant. If Tenant fails to so surrender the Premises, Tenant shall indemnify and hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises as required by this paragraph, including, without limitation, any claims or damages in connection with the condition of the Premises including, without limitation, damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or rental value of the Premises or the Complex by reason of the existence of any Hazardous Materials, which are or were attributable to the activities of Tenant, in or around the Premises or the Complex. Notwithstanding any provision to the contrary in this Lease, if any action is required to be taken by a governmental authority to clean-up, monitor or remove any Hazardous Materials, which are or were attributable to the activities of Tenant, from the Premises or the Complex and such action is not completed prior to the expiration or earlier termination of the Lease, then at Landlord's election (i) this Lease shall be deemed renewed for a term commencing on the expiration date of this Lease and ending on the date the clean-up, monitoring or removal procedure is completed (provided, however, that the total term of this Lease shall not be longer than 34 years and 11 months); or (ii) Tenant shall be deemed to have impermissibly held over and Landlord shall be entitled to all damages directly or indirectly incurred in connection with such holding over, including without limitation damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or fair rental value of the Premises or the Complex by reason of the existence of the Hazardous Material.

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F. Upon the Lease Commencement Date, Tenant shall provide to Landlord a complete list of all chemicals, toxic waste or Hazardous Materials employed by Tenant within the Premises. Throughout the terms of the Lease, Tenant shall continue to update this list of chemicals, contaminants and Hazardous Materials. Landlord hereby warrants Tenant that there is no asbestos in the building.

44. MISCELLANEOUS AND GENERAL PROVISIONS

a. Tenant shall not, without the written consent of Landlord, use the name of the building for any purpose other than as the address of the business conducted by Tenant in the Premises.

b. This Lease shall in all respects be governed by and construed in accordance with the laws of the State of California. If any provision of this Lease shall be invalid, unenforceable or ineffective for any reason whatsoever, all other provisions hereof shall be and remain in full force and effect.

c. The term "Premises" includes the space leased hereby and any improvements now or hereafter installed therein or attached thereto. The term "Landlord" or any pronoun used in place thereof includes the plural as well as the singular and the successors and assigns of Landlord. The term "Tenant" or any pronoun used in place thereof includes the plural as well as the singular and individuals, firms, associations, partnerships and corporations, and their and each of their respective heirs, executors, administrators, successors and permitted assigns, according to the context hereof, and the provisions of this Lease shall inure to the benefit of and bind such heirs, executors, administrators, successors and permitted assigns.

The term "person" includes the plural as well as the singular and individuals, firms, associations, partnerships and corporations. Words used in any gender include other genders. If there be more than one Tenant the obligations of Tenant hereunder are joint and several. The paragraph headings of this Lease are for convenience of reference only and shall have no effect upon the construction or interpretation of any provision hereof.

d. Time is of the essence of this Lease and of each and all of its provisions.

e. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within ten (10) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company, licensed to operate in the State of California, to remove the cloud or encumbrance created by this Lease from the real property of which Tenant's Premises are a part.

f. This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant hereby agree that all prior or contemporaneous oral agreements between and among themselves and the agents or representatives relative to the leasing of the Premises are merged in or revoked by this agreement.

g. Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the consent of the other.

h. Tenant further agrees to execute any amendments required by a lender to enable Landlord to obtain financing, so long as Tenant's rights hereunder are not substantially affected.

i. Clauses, plats and riders, if any, signed by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

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j. Tenant covenants and agrees that no diminution or shutting off of light, air or view by any structure which may be hereafter erected (whether or not by Landlord) shall in any way affect this Lease, entitle Tenant to any reduction of rent hereunder or result in any liability of Landlord to Tenant.

k. Landlord covenants with Tenant that upon Tenant paying the rent and all other charges required under this Lease and performing all of Tenant's covenants and agreements contained herein, Tenant shall peacefully have, hold and enjoy the Premises, subject to all of the terms and conditions of this Lease.

45. OPTIONS TO EXTEND

Provided Tenant is not in default under any of the terms, covenants or conditions of this Lease and subject to the terms and conditions set forth hereafter, Tenant is hereby granted the option to extend the term of the Lease for the Premises leased hereunder for two consecutive five year periods:

a) Tenant shall notify Landlord in writing of Tenant's exercise of its option to extend the Lease no less than 12 months prior to the lease expiration date.

b) The Lease shall be extended for a period of five years commencing upon the day after the Lease expiration date and shall terminate five years later.

c) The monthly Basic Rent during each of the extended terms shall be the Fair Market Rate with interim adjustment (if any) then being charged for comparable space of comparable quality in the immediate Mountain View/Shoreline area, but in no event shall the monthly Basic Rent be less than the monthly Basic Rent for the last full month immediately preceding the commencement date

of the extended term.

d) The then current payment for Additional Rent described in paragraph 4D of the Lease shall continue to be adjusted according to paragraph 4D of the Lease.

e) This option to extend can be exercised solely by Tenant for its sole use of the Premises (including any permitted subtenants (except for any entities affiliated with Tenant) which in total do not exceed 25% of the building) and may not be transferred or assigned to any sublessee or other party, nor may this option be exercised by Tenant if more than 25% of the building is then subleased to a party other than Tenant or Tenant's affiliates.

46. FAIR MARKET RATE

The fair market rate shall be defined as the prevailing market rate with interim adjustments (if any) then charged for comparable space of comparable quality in the immediate Mountain View/Shoreline market area. Landlord and Tenant shall attempt to agree in writing on such fair market rate. If Landlord and Tenant do not agree on the fair market rate for the Premises by that date which is one hundred fifty (150) days prior to the beginning of each extended term, then Landlord and Tenant shall each select a licensed real estate broker (the "Brokers") with a minimum five (5) years commercial leasing experience in the Mountain View area to determine the fair market rate for the Premises. If the Brokers are unable to agree as to the fair market rate by that date which is one hundred twenty (120) days prior to the beginning of each extended term, then the Brokers shall mutually select a third licensed real estate broker (the "Arbitrator") who has the same minimum qualifications as the Brokers and who has not previously represented either party. Each Broker shall submit to the Arbitrator his or her determination of the fair market rate for the Premises, and the support therefor, and the Arbitrator shall decide which Broker has most accurately determined the fair market rate, which decision shall be final and binding on both Landlord and Tenant. Landlord and Tenant shall each pay their own Broker's fees and costs and shall each pay one-half (1/2) of the Arbitrator's fees and costs.

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47. ACCEPTANCE AND SURRENDER OF PREMISES AND COST OF MAJOR REPAIRS

Notwithstanding anything in paragraphs 8 & 9 to the contrary, commencing as of the date Landlord offers possession of the Premises to Tenant, an independent inspection team shall be hired to make a thorough inspection of the Premises. Tenant shall hire the inspectors subject to Landlord's reasonable approval of the cost of the inspection and the inspector. Landlord shall pay for the inspection. Said inspection shall be limited to and shall only include roofs, elevators, HVAC systems, electrical systems (including lights and bulbs), plumbing systems, locking mechanisms, exterior and roll-up doors, and glazing. Tenant shall provide Landlord a copy of these reports. Landlord shall deliver the buildings and all operating systems covered in the report to Tenant as of the Lease Commencement Date referenced in Paragraph 2A above in a well maintained condition and in good repair. Landlord shall be under no specific obligation to upgrade any particular system and Tenant acknowledges that the systems have been previously used. Landlord's repair of the referenced items shall not affect the commencement date of the Lease so long as Tenant is able to occupy and operate in the Premises without interference. Notwithstanding anything in paragraph 7 to the contrary, Capital Expenses made by Landlord shall not be included in the annual expenses of operation, management and maintenance of the Building or Complex. For example, the replacement of an entire roof shall not be deemed an expense of operation whereas the ongoing repair and maintenance of a roof is deemed an operating expense. In addition to provisions of paragraphs 4D and 7, if there is a single incident that requires a maintenance expense up to \$15,000, said expense shall be reimbursable by Tenant and shall be included in the annual operating expenses. For single large maintenance expenses between \$15,000 and \$20,000, such expense will be reimbursable by Tenant (without interest) over three years with an equal amount charged per year. If a single large maintenance expense is greater than \$20,000, it shall be reimbursable by Tenant over a 5 year period, in equal amounts reimbursable per year.

Landlord shall lease the Premises to Tenant in an "as-is" condition, and other than Landlord's repair obligation per this paragraph 47 and Landlord's code compliance obligation per paragraph 17, all cost of construction including demolition, architectural, drawings, permitting fees, etc, shall be paid by Tenant with Landlord's contributions limited to those described in paragraph 9. Notwithstanding anything herein to the contrary, all equipment associated with the cafeteria (including but not limited to items such as ovens, ranges, dishwashing equipment, walk-in coolers or freezers, etc.) shall be accepted by Tenant in an AS-IS condition, and Landlord shall have no obligation whatsoever with respect to the condition of this equipment.

48. CONSTRUCTION SUPERVISION. Landlord, at Landlord's sole cost and expense, shall retain WSJ Properties Construction Division to supervise the improvements made by Tenant's Contractor (if other than WSJ Properties) for Tenant's initial

built-out. Landlord shall approve all plans in a timely manner prior to commencement of construction and copies of all permits and final signed-off copies of permits shall be submitted to Landlord. Landlord shall also be named as an additional insured on all general and subcontractor insurance policies and shall receive lien releases from all subcontractors. In general, Landlord requires the following:

- 1) The construction area must be kept clean and neat with interior and exterior daily pick-up.
- 2) The construction may not unreasonably interfere with any other tenants in the Complex.
- 3) Landlord shall receive copies of as-built drawings for the improvements, including HVAC, electrical, plumbing, partitions, reflected ceilings, finish schedules, millwork, etc. There shall also be one reproducible set of drawings submitted to Landlord.
- 4) Landlord shall received a list of all finishes and suppliers.
- 5) ELECTRICAL
 - a) All electrical shall be in EMT with no M.C. Cable.
 - b) Any new panels and breakers to match existing and shall be accurately labeled.
 - c) All fluorescent lighting shall be cool white or otherwise as reasonably agreeable to both parties.

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- 6) HVAC
 - a) Zone boxes and controls shall match existing if available.
 - b) EMONDEMON meters shall be installed on all special air conditioning units.
 - c) All thermostats shall be new and match existing if available.
 - d) Landlord shall receive a structural report for all new units placed on the roof.
 - e) All roof patching shall be hot mopped not cold patched.
 - f) Upon completion of construction the HVAC Systems shall be air balanced and all filters changed.
- 7) PLUMBING

Tenant shall not use plastic piping. All piping must be copper galvanized or cast iron.
- 8) KEYS

Landlord shall be provided with the copies of any keys to locking mechanisms for emergency purposes. Tenant shall use a BEST lock system.
- 9) Tenant shall be responsible for meeting all applicable codes for earthquake, energy, and handicap requirements directly related to Tenant's interior improvements. Any contractor or subcontractor must be licensed to do business in the State of California. This Tenant responsibility shall be for all items not defined as Landlord's responsibility in paragraph 17.
- 10) The general contractor and subcontractors shall use first class construction practices and shall comply with reasonable suggestions of the WSJ Properties Construction Supervisor.

49. CROSS DEFAULT

It is understood that Landlord and Tenant have entered into several leases for premises in the vicinity of the Premises leased hereunder. Exhibit "C" shows additional buildings for which Tenant has entered into leases with Landlord. As a material part of the consideration for the execution of this Lease by Landlord, it is agreed between Landlord and Tenant that a default under this Lease (after any applicable notice and cure period has expired), or a default under a lease by Tenant (after any applicable notice and cure period has expired) for any building leased and shown on Exhibit "C" may, at the option of Landlord, be considered a default under all leases by and between Landlord and Tenant then in effect, in which event Landlord shall be entitled (but in no event required) to apply all rights and remedies of Landlord under the terms of

one lease to all leases including, but not limited to, the right to terminate one or all of said leases by reason of default under said Lease or hereunder.

50. RIGHT OF FIRST OFFER

Provided Tenant is not in default (beyond any applicable notice and cure period) under any of the terms, covenants and conditions of this Lease, beginning on the Commencement Date of this Lease and subject to the existing rights of Sun Microsystems (the current tenant of the building), Landlord hereby grants Tenant a Right of first Offer to lease the entire building located at 2600 Casey Avenue, Mountain View, California as shown on Exhibit D (and hereinafter referred to as 2600 Casey). Tenant's Right of first Offer shall be upon and subject to the following terms and conditions:

- a) Tenant's right to lease 2600 Casey shall be the right to accept a proposal by Landlord to lease 2600 Casey, which proposal shall include the date of availability and the terms under which Landlord will lease the space to Tenant. The terms shall include the rent, increases in rent, the term, the size of the premises, the tenant improvement allowance (if any), and the like. Tenant shall have 30 calendar days in which to accept Landlord's proposal. In the event Tenant accepts Landlord's proposal, then Landlord shall prepare a lease substantially in the form hereof incorporating the terms of Landlord's proposal and the same shall be executed by Landlord and Tenant.
- b) In the event Tenant does not accept the proposal by Landlord within the time period specified above, then Landlord agrees that it will not lease 2600 Casey to another tenant on terms that are more favorable than those proposed to Tenant without first offering the more favorable terms to Tenant and allowing Tenant 10 business days within which to accept the more favorable terms.

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- c) In the event Tenant fails to accept the proposal from Landlord to lease 2600 Casey (and subject to b) above), then Landlord shall have no further obligations to Tenant with respect to 2600 Casey.

IN WITNESS WHEREOF, Landlord and Tenant have executed and delivered this Lease as of the day and year first above written.

LANDLORD:
CHARLESTON PROPERTIES, a
California General Partnership

TENANT:
INTUIT INC., a
Delaware Corporation

By /s/ [SIGNATURE ILLEGIBLE]

Date: 4/30/99

By /s/ GREG J. SANTORA

Date: 4/30/99

APPROVED
Intuit Legal Dept.
Date April 30, 1999

By /s/ BEVERLY BELLOWS

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[FLOOR PLAN]

EXHIBIT A

[FLOOR PLAN]

EXHIBIT B

[AREA MAP]

EXHIBIT C

[AREA MAP]

EXHIBIT D

STANDARD INDUSTRIAL/COMMERCIAL LEASE AGREEMENT

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1. PARTIES. This Lease ("LEASE"), dated for reference purposes only March 29, 1999, is made by and between J. Douglas Finney, an individual; James L. Sammet; Trustee of the James L. Sammet Family Trust Dated 11/8/96; and Clay DelSecco and Carol DelSecco, Trustees of the DelSecco Revocable Trust Dated 12/16/87 (collectively "LANDLORD") and INTUIT Inc., a Delaware corporation ("TENANT"), (collectively the "PARTIES," or individually a "PARTY").

1.2. PREMISES. That certain real property, including all improvements therein or to be provided by Landlord under the terms of this Lease, and commonly known as 2632 Marine Way, Mountain View located in the County of Santa Clara, State of California and generally described as an approximately rentable 17,250 square foot single story building on approximately 1.44 acres of land and further described as Santa Clara County Tax Assessor's Parcel No. 116-02-067 ("PREMISES"). (See also Paragraph 2)

1.3. TERM. Six 6 years and zero (0) months ("ORIGINAL TERM") commencing Two (2) months after Landlord delivers possession of the Premises to Tenant free of Sun Microsystems' occupancy ("COMMENCEMENT DATE") which delivery of possession is estimated to be approximately May 1, 1999 ("Scheduled Delivery Date") and which Commencement Date is estimated to be July 1, 1999 ("Scheduled Commencement Date"). In no event, however, shall the Commencement Date be any earlier than July 1, 1999. (Landlord shall endeavor to give Tenant thirty (30) days' prior written notice of Sun Microsystems' projected surrender date.) The "EXPIRATION DATE" shall be that date which is six (6) years following the Commencement Date. (See also Paragraph 3 and the Paragraphs 52 and 53 regarding Tenant's options to extend the term.) When the Commencement Date is determined, the parties shall execute a memorandum confirming both the Commencement Date and Expiration Date.

1.4. EARLY POSSESSION. Upon Sun Microsystems' vacating the Premises ("EARLY POSSESSION DATE"). (See also Paragraphs 3.2 and 3.3)

1.5. BASE RENT. Tenant agrees to pay to Landlord and Landlord agrees to accept as Base Rent for the leased Premises, the total sum of Two Million Three Hundred Eighteen Thousand Eight Hundred Seventy Seven & 84/100 (\$2,318,877.84) dollars, payable as follows:

The sum of \$16,387.50 payable each month from Commencement Date through the end of the twelfth month thereafter.

The sum of \$16,961.06 payable each month for months 13 and 14 of the Original Term.

The sum of \$22,994.12 payable for month 15 of the Original Term.

The sum of \$33,922.12 payable each month for months 16 through 24 of the Original Term.

The sum of \$35,109.39 payable each month for months 25 through 36 of the Original Term.

The sum of \$36,338.22 payable each month for months 37 through 48 of the Original Term.

The sum of \$37,610.05 payable each month for months 49 through the Expiration Date.

Full monthly Base Rent is due in advance on the first day of each calendar month commencing on the Commencement Date. (See also Paragraph 4).

1.6. BASE RENT PAID UPON EXECUTION. Sixteen Thousand Three Hundred Eighty Seven & 50/100 (\$16,387.50) dollars as Base Rent for the first month of the Lease Term.

1.7. SECURITY DEPOSIT. Zero (0) dollars ("SECURITY DEPOSIT"). (See also Paragraph 5)

1.8. AGREED USE. General office, research and development, telemarketing and other legal uses permitted by zoning (See also Paragraph 6)

1.9. INSURING PARTY. Landlord is the "INSURING PARTY" unless otherwise stated herein. (See also Paragraph 8)

1.10. REAL ESTATE BROKERS. (See also Paragraph 15)

(a) REPRESENTATION. The following real estate brokers (collectively, the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

X Cornish & Carey Commercial represents Landlord exclusively

("LANDLORD'S BROKER");

X The Staubach Company represents Tenant exclusively ("TENANT'S BROKER"); or

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X ----- represents both Landlord and Tenant ("Dual Agency").

(b) PAYMENT TO BROKERS. Upon execution and delivery of this Lease by both Parties, Landlord shall pay to the Broker the fee agreed to in their separate written agreement [or if there is no such agreement, the sum of One Hundred Twenty Seven Thousand Six Hundred Twenty Eight & 30/100 (\$127,628.30 dollars split 50% & 50% between the two above named real estate brokers for the brokerage services rendered by said Brokers].

1.11. GUARANTOR. The obligations of the Tenant under this Lease are to be guaranteed by N/A ("GUARANTOR"). (See also Paragraph 37)

2. PREMISES.

2.1. LETTING. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating rental, is an approximation which the Parties agree is reasonable and the rental based thereon is not subject to revision whether or not the actual size is more or less.

2.2. CONDITION. Except as otherwise provided herein, Tenant agrees to take possession of the Premises in their "As Is" condition, with all faults and without any obligation whatsoever on Landlord's part to construct or install any tenant improvements or other alterations, additions or improvements to the Premises, or to reconfigure, remodel, paint or perform other work in or to the Premises in connection with Tenant's occupancy thereof.

2.3. ACKNOWLEDGMENTS. Tenant acknowledges that: (a) it has been advised by Landlord and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems and security; and their suitability for Tenant's intended use, (b) Tenant has made such investigation as it deems necessary with reference to such matters and, subject to Paragraphs 7.2 and 55.1 below, assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Landlord, Landlord's agents, nor any Broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Landlord acknowledges that: (a) Broker has made no representations, promises or warranties concerning Tenant's ability to honor the Lease or

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suitability to occupy the Premises, and (b) it is Landlord's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

3. TERM.

3.1. TERM. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2. EARLY POSSESSION. If Tenant totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent and Real Property Taxes shall be abated for the period of such early possession. All other terms of this Lease (including but not limited to the obligations to pay insurance premiums and, subject to Paragraph 7.2 below, to maintain the Premises) shall, however, be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3. DELAY IN POSSESSION. Landlord agrees to use commercially reasonable efforts to deliver possession of the Premises to Tenant by the Scheduled Delivery Date. If, despite said efforts, Landlord is unable to deliver possession of the Premises to Tenant by the Scheduled Delivery Date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease. Tenant shall not, however, be obligated to pay Rent

or perform its other obligations until it receives possession of the Premises. If possession is not delivered within one (1) month after the Scheduled Commencement Date, Tenant may, at its option, by notice in writing within ten (10) business days after the end of such one-month period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Landlord within said ten (10) business day period, Tenant's right to cancel shall terminate. If possession is not delivered within three (3) months after the Scheduled Commencement Date, Tenant may, at its option, by notice in writing within ten (10) business days after the end of such three (3) month period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Landlord within said ten (10) business day period, Tenant's right to cancel shall terminate.

3.4. TENANT COMPLIANCE. Landlord shall not be required to tender possession of the Premises to Tenant until Tenant complies with its obligation to provide evidence of insurance (Paragraph 8.5).

4. RENT.

4.1. RENT DEFINED. All monetary obligations of Tenant to Landlord under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

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4.2. PAYMENT. Tenant shall cause payment of Rent to be received by Landlord in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. Rent for any period during the term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Landlord at its address stated herein or to such other persons or place as Landlord may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Landlord's rights to the balance of such Rent, regardless of Landlord's endorsement of any check so stating.

5. SECURITY DEPOSIT. Tenant is not required to pay a Security Deposit.

6. USE.

6.1. USE. Tenant shall use and occupy the Premises only for the use specified in Paragraph 1.8 above ("Agreed Use"), or any other legal use which is reasonably comparable thereto, and for no other purpose. Tenant shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to neighboring properties.

6.2. HAZARDOUS SUBSTANCES.

(a) REPORTABLE USES REQUIRE CONSENT. The term "HAZARDOUS SUBSTANCE" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Tenant shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Landlord and timely compliance (at Tenant's expense) with all Applicable Requirements. "Applicable Requirements" shall mean all statutes, ordinances, rules and regulations of governmental authorities and all recorded covenants, conditions, restrictions and equitable servitudes affecting the Premises. "REPORTABLE USE" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable

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Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, including, without limitation, toner and other materials used for photocopy machines, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of

contamination or damage or expose Landlord to any liability therefor. In addition, Landlord may condition its consent to any Reportable Use upon receiving such additional assurances as Landlord reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or requiring or increasing the Security Deposit.

(b) DUTY TO INFORM LANDLORD. If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Landlord, Tenant shall immediately give written notice of such fact to Landlord, and provide Landlord with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) TENANT REMEDIATION. Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or contributed to by Tenant, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease by or for Tenant.

(d) TENANT INDEMNIFICATION. Tenant shall indemnify, defend and hold Landlord, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, costs, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant. Tenant's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. NO TERMINATION, CANCELLATION OR RELEASE AGREEMENT ENTERED INTO BY LANDLORD AND TENANT SHALL RELEASE TENANT FROM ITS OBLIGATIONS UNDER THIS

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LEASE WITH RESPECT TO HAZARDOUS SUBSTANCES, UNLESS SPECIFICALLY SO AGREED BY LANDLORD IN WRITING AT THE TIME OF SUCH AGREEMENT.

(e) INVESTIGATIONS AND REMEDIATIONS. Landlord shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Commencement Date. Tenant shall cooperate fully in any such activities at the request of Landlord, including allowing Landlord and Landlord's agents to have reasonable access to the Premises at reasonable times in order to carry out Landlord's investigative and remedial responsibilities.

(f) LANDLORD INDEMNIFICATION. Landlord shall indemnify, defend and hold Tenant, its agents, employees and lenders harmless from and against any and all damages, liabilities, judgments, claims, costs, expenses, penalties and attorneys' and consultants' fees arising out of or involving any Hazardous Substance affecting the Premises and not caused to be located on or about, or otherwise brought onto, the Premises by or for Tenant. Landlord's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by a party other than Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

6.3. TENANT'S COMPLIANCE WITH APPLICABLE REQUIREMENTS. Except as otherwise provided in this Lease, including, without limitation, Paragraph 7.2 below, Tenant shall, at Tenant's sole expense, fully, diligently and in a timely manner, comply with all Applicable Requirements and the reasonable requirements of any applicable fire insurance underwriter or rating bureau which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Commencement Date. Tenant's obligation to comply with Applicable Requirements shall include the obligation, at Tenant's sole cost, to make any alterations, additions or improvements to the Premises required by Applicable Requirements, whether by reason of Tenant's use or change in use of the Premises or by reason of any improvements to the Premises made by Tenant. Tenant shall, within ten (10) business days after receipt of Landlord's written request, provide Landlord with copies of all permits and other documents, and other information evidencing Tenant's compliance with any Applicable Requirements specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Tenant or the Premises to comply with any Applicable Requirements.

6.4. INSPECTION; COMPLIANCE. Landlord and Landlord's "Lender" (as defined in Paragraph 30 below) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times upon not less than

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48 hours' advance notice delivered during regular business hours, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease. The cost of any such inspections shall be paid by Landlord, unless a material violation of Applicable Requirements, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Tenant shall upon request reimburse Landlord for the reasonable cost of such inspections, so long as such inspection is reasonably related to the violation or contamination.

7. MAINTENANCE; REPAIRS, UTILITY INSTALLATIONS; TRADE FIXTURES AND ALTERATIONS.

7.1. TENANT'S OBLIGATIONS.

(a) In General. Subject to the provisions of Paragraph 2.2 (Condition), 6.3 (Tenant's Compliance with Applicable Requirements), 6.3(f) (Landlord Indemnification), 7.2 (Landlord's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Tenant shall, at Tenant's sole expense, keep the Premises, Utility Installations, and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, heating, ventilating, air-conditioning, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ceilings, roofs, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Tenant shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) SERVICE CONTRACTS. Tenant shall, at Tenant's sole expense, procure and maintain contracts, with copies to Landlord, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) fire extinguishing systems, including fire alarm and/or smoke detection,

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(iii) landscaping and irrigation systems, (iv) roof covering and drains, (v) driveways and parking lots, and (vi) any other equipment, if reasonably required by Landlord.

(c) REPLACEMENT. Subject to Tenant's indemnification of Landlord as set forth in Paragraph 8.7 below and except as otherwise provided in this Paragraph 7.1(c), and without relieving Tenant of liability resulting from Tenant's failure to perform its obligations under this Lease, if during the term of this Lease, as the same may be extended, any of the components of the Premises described in Paragraph 7.1(a) above (including, without limitation, the roof and the electrical, mechanical, plumbing and HVAC systems) cannot be repaired, in Landlord's reasonable judgment, then such components of the Premises shall be replaced by Landlord or, at Landlord's direction, by Tenant, and in any event the cost thereof shall be paid by Tenant. Notwithstanding the foregoing, if the electrical switch panel is required to be replaced, as reasonably determined by Landlord, Landlord shall pay for such replacement. Tenant shall reimburse Landlord 1/25th of the cost of the electrical switch panel replacement for each full year of occupancy, during the term of this Lease, as the same may be extended, (as to any year of occupancy less than one year, such annual cost shall be appropriately prorated as reasonably determined by Landlord) after the electrical switch panel has been replaced. In addition, notwithstanding the foregoing, in the event that Landlord shall require the capital replacement of any component of the Premises, other than the roof and the electrical, mechanical, plumbing and HVAC systems (the entire cost of which shall be paid by Tenant when incurred by Landlord or Tenant, as applicable), Landlord shall cause such capital replacement to be made and Landlord's cost thereof, together with interest thereon at a per annum interest rate equal to

the "reference rate" of Bank of America, NT & SA, plus two (2) percent, shall be amortized over the useful life of such capital replacement as reasonably determined by Landlord in accordance with generally accepted accounting principles. Tenant shall pay to Landlord annually within thirty (30) days following receipt of written demand the annual amortized amount of such capital replacements each year during the term of this Lease, as the same may be extended.

7.2. LANDLORD'S OBLIGATIONS. Subject to the provisions of Paragraphs 2.2 (Condition), 7.1(c) (Replacement), 9 (Damage or Destruction), 14 (Condemnation) and 55.1 (Landlord's Work), and subject to the provisions of this Paragraph 7.2, it is intended by the Parties hereto that Landlord have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Tenant. Notwithstanding the foregoing, Landlord, at Landlord's expense, shall maintain the structural components of the Premises, including the foundations, roof structure and exterior and shear walls, the domestic water and electrical systems from the street to the point of entry to the Premises, and the fire system from the street to the PIV valve to the point of entry to the Premises. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to

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maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3. UTILITY INSTALLATIONS; TRADE FIXTURES; ALTERATIONS.

(a) DEFINITIONS; CONSENT REQUIRED. The term "UTILITY INSTALLATIONS" refers to all floor and window coverings, air lines, power panels, electrical distribution, security and fire protection systems, communication systems, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "TRADE FIXTURES" shall mean Tenant's machinery and equipment that can be removed without doing material damage to the Premises. The term "ALTERATIONS" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "TENANT OWNED ALTERATIONS AND/OR UTILITY INSTALLATIONS" are defined as Alterations and/or Utility Installations made by Tenant that are not yet owned by Landlord pursuant to Paragraph 7.4(a). Subject to Tenant's rights under Paragraph 55.2 below, Tenant shall not make any Alterations or Utility Installations to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon not less than ten (10) days' prior written notice to Landlord, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and the cumulative cost thereof during Original Term of this Lease does not exceed \$50,000 in the aggregate or \$10,000 in any one year, and for like amounts for each five (5) year Lease Renewal Term.

(b) CONSENT. Any Alterations or Utility Installations that Tenant shall desire to make and which require the consent of the Landlord shall be presented to Landlord in written form with detailed plans. Consent shall be deemed conditioned upon Tenant's: (i) acquiring all applicable governmental permits, (ii) furnishing Landlord with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility installations shall be performed in a workmanlike manner with good and sufficient materials. Tenant shall promptly upon completion furnish Landlord with as-built plans and specifications where appropriate.

(c) INDEMNIFICATION. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein, and shall indemnify, defend and hold Landlord harmless with respect thereto. Tenant shall give Landlord not less than ten (10)

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days' notice prior to the commencement of any work in, on or about the Premises, and Landlord shall have the right to post notices of non-responsibility. If Tenant shall contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If the amount in dispute exceeds \$50,000, and if Landlord shall require, Tenant shall furnish a surety bond in an amount equal to one and one-half times the amount of such contested lien, claim or demand, indemnifying Landlord against liability for the same. If Landlord elects to participate in any such action, Tenant shall pay Landlord's

reasonable attorneys' fees and costs.

7.4. OWNERSHIP; REMOVAL; SURRENDER; AND RESTORATION.

(a) OWNERSHIP. Subject to Landlord's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Tenant shall be the property of Tenant, but considered a part of the Premises. Upon installation, the roof shall be deemed owned by the Landlord. Landlord may, at any time, elect in writing to be the owner of all or any specified part of the Tenant Owned Alterations and Utility Installations. Unless otherwise instructed per Paragraph 7.4(b) hereof, all Tenant Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Landlord and be surrendered by Tenant with the Premises.

(b) REMOVAL. By delivery to Tenant of written notice from Landlord not later than one hundred eighty (180) days prior to the end of the term of this Lease, Landlord may require that any or all Tenant Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease; provided, however, that Landlord shall not have the right to require that Tenant remove any non-structural Alterations or Utility Installations at the end of the term of this Lease if Landlord shall have approved such non-structural Alterations or Utility Installations and shall not have advised Tenant that Landlord would require their removal. Landlord may require the removal at any time of all or any part of any Tenant Owned Alterations or Utility Installations made without the required consent of Landlord.

(c) SURRENDER/RESTORATION. Tenant shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Tenant shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for

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Tenant, and the removal, replacement, or remediation of any soil, material or groundwater contaminated by Tenant. Trade Fixtures shall remain the property of Tenant and shall be removed by Tenant. The failure by Tenant to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Landlord shall constitute a holdover under the provisions of Paragraph 26 below.

8. INSURANCE; INDEMNITY.

8.1. PAYMENT FOR INSURANCE. Tenant shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Landlord under Paragraph 8.2(b) in excess of \$3,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Tenant to Landlord within thirty (30) days following receipt of an invoice.

8.2. LIABILITY INSURANCE.

(a) CARRIED BY TENANT. Tenant shall obtain and keep in force a Commercial General Liability Policy of Insurance protecting Tenant and Landlord against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$3,000,000 with an "ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES ENDORSEMENT" and contain the "AMENDMENT OF THE POLLUTION EXCLUSION ENDORSEMENT" for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. All insurance carried by Tenant shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only. Notwithstanding the provisions of this Paragraph 8, Tenant shall be allowed to self-insure the losses and risks for which Tenant is obligated to maintain insurance under this Paragraph 8, except the property insurance required under Paragraph 8.3(a), provided Tenant maintains a net worth of not less than One Hundred Million Dollars (\$100,000,000). As a condition to Tenant's right to self-insure, Tenant shall provide Landlord with its most recent annual and/or quarterly reports showing that Tenant satisfies the foregoing financial threshold. All such reports shall have been certified by Tenant's chief financial officer (or officer with equivalent knowledge and authority) to be a

materially accurate reflection of Tenant's net worth and financial condition as of the date of presentation of such reports to Landlord.

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(b) CARRIED BY LANDLORD. Landlord, at its sole cost, shall have the right to maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Tenant. Tenant shall not be named as an additional insured therein.

8.3. PROPERTY INSURANCE - BUILDING, IMPROVEMENTS AND RENTAL VALUE.

(a) BUILDING AND IMPROVEMENTS. The Insuring Party shall obtain and keep in force a policy or policies of "special form" property insurance in the name of Landlord, with loss payable to Landlord, any ground lessor, and to any Lender(s) insuring loss or damage to the Premises. Within thirty (30) days following receipt of written demand by Landlord, Tenant shall reimburse Landlord for cost of such insurance. The amount of such insurance shall be equal to the full replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lenders, but in no event more than the commercially reasonable and available insurable value thereof. If Landlord is the Insuring Party, however, Tenant Owned Alterations and Utility Installations, Trade Fixtures, and Tenant's personal property shall be insured by Tenant under Paragraph 8.4 rather than by Landlord. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage including earthquake (except the perils of flood unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$25,000 per occurrence, except earthquake which shall be five percent (5%) of Replacement Cost (as defined below) or more, and Tenant shall be liable for such deductible amount in the event of an Insured Loss. Alternatively, Tenant shall have the right to maintain such property insurance described in this paragraph, at Tenant's sole cost and expense, upon not less than thirty (30) days prior written notice to Landlord, provided that all requirements of this paragraph and Paragraph 8.5 below are met, except that Tenant may provide the inflation guard protection on a blanket basis with a limit of insurance equal to an amount of, at a minimum, one hundred ten percent (110%) of the value of the Premises, with a deductible amount not to exceed \$25,000 per occurrence. If Tenant shall elect to carry such property insurance, Landlord shall have the right to require that Tenant, at its sole cost and expense, shall also carry the rental value insurance described in subparagraph (b) below.

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(b) RENTAL VALUE. The Insuring Party shall obtain and keep in force a policy or policies in the name of Landlord with loss payable to Landlord and any Lender, insuring the loss of the full Rent for one (1) year. Upon demand by Landlord, Tenant shall reimburse Landlord for cost of such insurance. Said insurance shall provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of Rent from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Tenant, for the next twelve (12) month period. Tenant shall be liable for any deductible amount in the event of such loss.

8.4. TENANT'S PROPERTY/BUSINESS INTERRUPTION INSURANCE.

(a) PROPERTY DAMAGE. Tenant shall obtain and maintain insurance coverage on all of Tenant's personal property, Trade Fixtures, and Tenant Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$25,000 per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property, Trade Fixtures and Tenant Owned Alterations and Utility Installations. Tenant shall provide Landlord with written evidence that such insurance is in force.

(b) NO REPRESENTATION OF ADEQUATE COVERAGE. Landlord makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Tenant's property, business operations or obligations under this Lease.

8.5. INSURANCE POLICIES. Insurance required herein shall be by companies

duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Tenant shall not do or permit to be done anything which invalidates the required insurance policies. Tenant shall, prior to the Commencement Date, deliver to Landlord certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to reduction except after thirty (30) days prior written notice to Landlord. Tenant shall, at least ten (10) days prior to the expiration of such policies, furnish Landlord with evidence of renewals or "insurance binders" evidencing renewal thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant to Landlord within thirty (30) days following receipt of written demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but

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shall not be required to, procure and maintain the same. Notwithstanding anything to the contrary contained herein, Tenant shall have the right to satisfy the requirements of Paragraphs 8.2(a), 8.3 and 8.4 above if Tenant insures against such liability and insures Tenant's personal property, Trade Fixtures and Tenant Owned Alterations and Utility Installations in the amounts required under such provisions under blanket insurance policies issued to Tenant, provided that Landlord is named as an additional insured or loss payee, as the case may be, under such blanket policies, and provided that coverage allocated to the Premises under such blanket policies is equal to or greater than the coverage required under such provisions.

8.6. WAIVER OF SUBROGATION. Without affecting any other rights or remedies, Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

8.7. INDEMNITY. Except for the gross negligence or willful misconduct of Landlord, its agents and employees, Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord and its agents, Landlord's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, costs, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Tenant. If any action or proceeding is brought against Landlord by reason of any of the foregoing matters, Tenant shall upon notice defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be defended or indemnified. Landlord shall indemnify, protect, defend and hold harmless Tenant and its agents, partners and lenders from against any and all claims, damages, liens, judgments, penalties, attorneys' fees and consultants' fees, expenses and/or liabilities caused by the gross negligence or willful misconduct of Landlord, its agents or employees.

8.8. EXEMPTION OF LANDLORD FROM LIABILITY. Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from

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any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, or from other sources or places (unless caused by the gross negligence or willful misconduct of Landlord, its agents or employees). Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord. Notwithstanding Landlord's negligence or breach of this Lease, Landlord shall under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

9. DAMAGE OR DESTRUCTION.

9.1. DEFINITIONS.

(a) "PREMISES PARTIAL DAMAGE" shall mean damage or destruction to the improvements on the Premises, other than Tenant Owned Alterations and Utility Installations and Trade Fixtures, which can reasonably be repaired in six (6) months or less from the date of the damage or destruction. Landlord shall notify Tenant in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "PREMISES TOTAL DESTRUCTION" shall mean damage or destruction to the Premises, other than Tenant Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Landlord shall notify Tenant in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "INSURED LOSS" shall mean damage or destruction to improvements on the Premises, other than Tenant Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), and for which the insurance proceeds made available to Landlord shall be sufficient to enable Landlord to fully repair and restore the improvements on the Premises to their condition prior to the occurrence of such damage or destruction.

(d) "REPLACEMENT COST" shall mean the cost to repair or rebuild the improvements owned by Landlord at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "HAZARDOUS SUBSTANCE CONDITION" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

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9.2. PARTIAL DAMAGE - INSURED LOSS. If a Premises Partial Damage that is an Insured Loss occurs, then Landlord shall, at Landlord's expense, repair such damage, including, without limitation, any Alterations and Utility Installations that Landlord has elected to own in accordance with Landlord's rights under this Lease (but not Tenant's Trade Fixtures or Tenant Owned Alterations and Utility Installations) as soon as reasonably possible to the extent of the insurance proceeds received by Landlord therefor (except as to the deductible which is Tenant's responsibility) and this Lease shall continue in full force and effect; provided, however, that Tenant shall, at Landlord's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Landlord shall make any applicable insurance proceeds available to Tenant on a reasonable basis for that purpose. Tenant shall not be entitled to reimbursement of any funds contributed by Tenant to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3. PARTIAL DAMAGE - UNINSURED LOSS. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord may either: (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice. In the event Landlord elects to terminate this Lease, Tenant shall have the right within ten (10) business days after receipt of the termination notice to give written notice to Landlord of Tenant's commitment to pay for the repair of such damage without reimbursement from Landlord. Tenant shall provide Landlord with said funds or satisfactory assurance thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Tenant does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4. TOTAL DESTRUCTION. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate sixty (60) days following such Destruction. If the damage or destruction was caused by the negligence or willful misconduct of Tenant, Landlord shall have the right to recover Landlord's damages from Tenant, except as provided in Paragraph 8.6.

9.5. DAMAGE NEAR END OF TERM. If at any time during the last six (6) months of this Lease there is damage for which the cost to repair exceeds three (3) months Base

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Rent, whether or not an Insured Loss, Landlord may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a written termination notice to Tenant within thirty (30) days after the date of occurrence of such damage. Notwithstanding the foregoing, if Tenant at that time has an exercisable option to extend this Lease or to purchase the Premises, then Tenant may preserve this Lease by, (a) exercising such option and (b) providing Landlord with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten days after Tenant's receipt of Landlord's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Tenant duly exercises such option during such period and provides Landlord with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Landlord shall, at Landlord's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Tenant's option shall be extinguished.

9.6. ABATEMENT OF RENT. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Tenant is not responsible under this Lease, the Rent payable by Tenant for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Tenant hereunder shall be performed by Tenant, and Landlord shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

9.7. TERMINATION-ADVANCE PAYMENTS. Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Tenant to Landlord. Landlord shall, in addition, return to Tenant so much of Tenant's Security Deposit as has not been, or is not then required to be, used by Landlord.

9.8. WAIVE STATUTES. Landlord and Tenant agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. REAL PROPERTY TAXES.

10.1. DEFINITION OF "REAL PROPERTY TAXES." As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or

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estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Landlord in the Premises, Landlord's right to other income therefrom, and/or Landlord's business of leasing, by any authority having the direct or indirect power to tax. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises.

10.2. PAYMENT OF TAXES. Tenant shall pay the Real Property Taxes applicable to the Premises during the term of this Lease. Subject to Paragraph 10.2(b), all such payments shall be made at least ten (10) days prior to any delinquency date. Landlord shall use reasonable efforts to furnish Tenant with copies of all Real Property Tax bills promptly following the Landlord's receipt of such tax bills. Tenant shall promptly furnish Landlord with satisfactory evidence that such taxes have been paid. If any such taxes shall cover any period of time prior to or after the expiration or termination of this Lease, Tenant's share of such taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect, and Landlord shall reimburse Tenant for any overpayment. If Tenant shall fail to pay any required Real Property Taxes, Landlord shall have the right to pay the same, and Tenant shall reimburse Landlord therefor within ten (10) days following receipt of written demand.

10.3. ADVANCE PAYMENT. In the event Tenant incurs late charges on any Rent payments more than once during the term of the Lease, Landlord may, at Landlord's option, estimate the current Real Property Taxes, and require that such taxes be paid in advance to Landlord by Tenant, either: (I) in a lump sum amount equal to the installment due, at least twenty (20) days prior to the applicable delinquency date, or (ii) monthly in advance with the payment of the Base Rent. If Landlord elects to require payment monthly in advance, the monthly payment shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be

adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Landlord is insufficient to pay such Real Property Taxes when due, Tenant shall pay Landlord, upon demand, such additional sums as are necessary to pay such obligations. All moneys paid to Landlord under this Paragraph may be intermingled with other moneys of Landlord and shall not bear interest. In the event of a Breach, then any balance of funds paid to Landlord under the provisions of this Paragraph. may at the option of Landlord, be treated as a, or an additional, Security Deposit.

10.4. JOINT ASSESSMENT. If the Premises are not separately assessed, Tenant's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively

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determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.5. PERSONAL PROPERTY TAXES. Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon Tenant Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Tenant. When possible, Tenant shall cause such property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's property within thirty (30) days after receipt of a written statement.

11. UTILITIES. Tenant shall pay for all water, gas, heat, light, power, telephone, trash disposal, janitorial and other utilities and services supplied to the Premises, together with any taxes thereon. Tenant shall pay all other operating expenses of the Premises; provided, however, Tenant shall not be obligated to pay to Landlord or to reimburse Landlord for any property management fees.

12. ASSIGNMENT AND SUBLETTING.

12.1. LANDLORD'S CONSENT REQUIRED.

(a) Tenant shall not voluntarily, involuntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "ASSIGN OR ASSIGNMENT") or sublet all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld.

(b) The involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Tenant's assets occurs, which results or will result in a reduction of the Net Worth of Tenant by an amount greater than twenty-five percent (25%) of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Landlord has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Landlord may withhold its consent. "Net Worth of Tenant" shall mean the net worth of Tenant (excluding any guarantors) established under generally accepted accounting principles.

(c) Except as permitted under Paragraph 12.5 below, an assignment or subletting without consent shall be a Default curable after notice per Paragraph 13.1 (c).

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(d) Tenant's remedy for any breach of Paragraph 12.1 by Landlord shall be limited to compensatory damages and/or injunctive relief.

12.2. TERMS AND CONDITIONS APPLICABLE TO ASSIGNMENT AND SUBLETTING.

(a) Regardless of Landlord's consent, any assignment or subletting shall not: (i) be effective without the express written assumption by such assignee or subtenant of the obligations of Tenant under this Lease, (ii) release Tenant of any obligations hereunder, or (iii) alter the primary liability of Tenant for the payment of Rent or for the performance of any other obligations to be performed by Tenant.

(b) Landlord may accept Rent or performance of Tenant's obligations from any person other than Tenant pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Landlord's right to exercise its remedies for Tenant's Default or Breach.

(c) Landlord's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Tenant, Landlord may proceed directly against Tenant, any Guarantors or anyone else responsible for the performance of Tenant's obligations under this Lease, including any assignee or subtenant, without first exhausting Landlord's remedies against any other person or entity responsible therefore to Landlord, or any security held by Landlord.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or subtenant, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee not to exceed \$1,000, as consideration for Landlord's considering and processing said request. Tenant agrees to provide Landlord with such other or additional information and/or documentation as may be reasonably requested. Landlord shall provide its written response to Tenant's request for consent within fifteen (15) days following Landlord's receipt of Tenant's written request, all required information and the required fee.

(f) Any assignee of, or subtenant under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Tenant during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with

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provisions of an assignment or sublease to which Landlord has specifically consented to in writing.

12.3. ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO SUBLETTING. The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rent and other amounts payable under any sublease, and Landlord shall have the right to collect such rent and other amounts and apply the same toward Tenant's obligations under this Lease; provided, however, that until a Breach shall occur, Tenant may collect such rent and other amounts. Landlord shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of any such rent or other amounts, be deemed liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a Breach exists under this Lease to pay to Landlord all rent and other amounts due and to become due under the sublease. Subtenant shall rely upon any such notice from Landlord and shall pay all rent and other amounts to Landlord without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Tenant to the contrary.

(b) In the event of a Breach by Tenant, Landlord may, at its option, require subtenant to attorn to Landlord, in which event Landlord shall undertake the obligations of the sublandlord under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by such subtenant to such sublandlord or for any prior Defaults or Breaches of such sublandlord.

(c) Any matter requiring the consent of the sublandlord under a sublease shall also require the consent of Landlord.

(d) No subtenant shall further assign or sublet all or any part of the Premises without Landlord's prior written consent.

12.4. EXCESS RENT. In the event that Tenant shall assign this Lease or sublease all or any part of the Premises, and Landlord shall consent to such assignment or sublease, Tenant shall pay to Landlord fifty percent (50%) of any sums or other economic consideration received by Tenant as a result of such assignment or sublease (less reasonable, bona fide, out-of-pocket leasing commissions payable to a third party in connection with such assignment or sublease, attorneys' fees paid by Tenant in

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connection with such assignment or sublease and the direct cost of tenant improvements to the Premises paid for by Tenant in connection with such assignment or sublease) whether denominated rent or otherwise, which exceed, in the aggregate, the monthly Base Rent which Tenant is obligated to pay to

Landlord under this Lease (prorated as to any sublease to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable by Landlord to Tenant as additional Rent under this Lease, without affecting or reducing any other obligation of Tenant hereunder. At Landlord's request, Tenant shall deliver to Landlord such evidence of the sums or other economic consideration received by Tenant as a result of the assignment or sublease, and the amounts deducted therefrom for purposes of calculating Landlord's share of such sums or other economic consideration, as Landlord shall reasonably require from time to time.

12.5. PERMITTED TRANSFERS. Notwithstanding the provisions of Paragraphs 12.1(a), 12.2(a)(i), 12.2(e) and 12.3(d) (as to assignments or subleases to Tenant or another permitted transferee) above, provided that Intuit Inc. is the Tenant, Tenant shall have the right to assign this Lease or sublease the Premises to any entity in which Intuit Inc. owns not less than twenty-five percent (25%) of the issuing and outstanding capital stock, partnership interests or membership interests, as applicable; provided, however, that no such assignment or sublease shall release Tenant from any of its obligations under this Lease, or alter, impair or diminish the primary liability of Tenant to pay the Rent and perform all other obligations to be performed by Tenant hereunder. Further, and notwithstanding the provisions of Paragraphs 12.1(a), 12.2(a)(i), 12.2(e) and 12.3(d) (as to assignments or subleases to Tenant or another permitted transferee) above, Tenant shall have the right to assign this Lease or sublease the Premises to any entity into which or with which Tenant is merged or consolidated; provided, however, that no such assignment or sublease shall release Tenant from any of its obligations under this Lease, or alter, impair or diminish the primary liability of Tenant to pay the Rent and perform all other obligations to be performed by the Tenant hereunder if and to the extent Tenant survives as an entity following the merger or consolidation. The provisions of Paragraph 12.4 above shall not apply to any such assignment or sublease under this Paragraph 12.5. Notwithstanding the foregoing, any assignment or sublease described in this Paragraph 12.5 shall not require the consent of Landlord only if the proposed use of the Premises by the proposed assignee or subtenant shall (a) comply with the provisions of Paragraph 6.1 hereof, (b) not increase the likelihood of damage or destruction to the Premises, (c) not materially increase the density of occupancy of the Premises, (d) not be likely to cause a material increase in the insurance premiums for insurance policies carried by Landlord with respect to the Premises, (e) not result in the use on or about the Premises of any Hazardous Substances not used by Tenant on the Premises in compliance with this Lease or which are in concentrations or amounts materially in excess of the concentrations or amounts of such Hazardous Substances used by Tenant on the Premises

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in compliance with this Lease, or (f) not otherwise materially adversely impact the Premises or Landlord's interest therein.

13. DEFAULT; BREACH; REMEDIES.

13.1. DEFAULT; BREACH. A "Default" is defined as a failure by the Tenant to comply with or perform any of the terms, covenants, conditions or rules under this Lease or the occurrence of any of the other events or conditions described below. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Tenant to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Tenant to make any payment of Rent or any Security Deposit required to be made by Tenant hereunder, whether to Landlord or to a third party, when due; provided, however, that, on not more than two occasions during each year of the term of this Lease, Tenant's failure to make any payment of Rent when due shall not constitute a Breach unless such failure shall continue for more than 15 days following written notice thereof from Landlord.

(c) The failure by Tenant to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42 (easements), (viii) reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property; or (ix) any other documentation or information which Landlord may reasonably require of Tenant under the terms of this Lease, where any such failure continues for a period of fifteen (15) days following written notice to Tenant.

(d) A Default by Tenant as to the terms, covenants, conditions

or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1 (a), (b) or (c), above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Tenant's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within an additional thirty (30) days.

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(e) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(f) The discovery that any financial statement of Tenant or of any Guarantor given to Landlord was materially false at the time delivered to Landlord.

(g) If the performance of Tenant's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Tenant's failure, within sixty (60) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Tenant, equals or exceeds the combined financial resources of Tenant and the Guarantors that existed at the time of execution of this Lease.

13.2. REMEDIES. If Tenant fails to perform any of its affirmative duties or obligations, within fifteen (15) days after written notice (or in case of an emergency, without notice), Landlord may, at its option, perform such duty or obligation on Tenant's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Landlord shall be due and payable by Tenant within ten (10) days following receipt of an invoice therefor. If more than one check given to Landlord by Tenant shall not be honored by the bank upon which it is drawn, Landlord, at its option, may require future payments to be made by Tenant to be by cashiers check. In the event of a Breach, Landlord may, with or without further notice or demand, and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such Breach:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession to Landlord. In such event Landlord shall be entitled to recover from Tenant:

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(i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Landlord in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent (1%). The worth at the time of award of the amounts referred to in clauses (i) and (ii) above shall be computed by allowing interest at the rate

provided for in Paragraph 13.5 below. Efforts by Landlord to mitigate damages caused by Tenant's Breach of this Lease shall not waive Landlord's right to recover damages under this Paragraph 13. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Landlord may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Tenant's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Landlord's interests, shall not constitute a termination of the Tenant's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters

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occurring or accruing during the term hereof or by reason of Tenant's occupancy of the Premises.

13.3. LATE CHARGES. Tenant hereby acknowledges that late payment by Tenant of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by any Lender. Accordingly, if any Rent shall not be received by Landlord within ten (10) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to five percent (5%) of each such overdue amount for each month that such amount shall remain unpaid. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Landlord's option, become due and payable quarterly in advance. Notwithstanding anything to the contrary contained in the foregoing provision, on not more than one occasion in any year throughout the term of this Lease, Landlord shall not require that Tenant pay the late charge otherwise payable with respect to an overdue installment or payment of Rent if Tenant shall pay such Rent in full to Landlord within five (5) days following the date of written notice thereof from Landlord.

13.4. INTEREST. Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the thirty-first (31st) day after it was due as to non-scheduled payments. The interest ("Interest") charged shall be equal to the prime rate reported in the Wall Street Journal as published closest prior to the date when due plus one percent (1%), but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the late charge provided for in Paragraph 13.3.

13.5. BREACH BY LANDLORD. Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation required to be performed by Landlord. For purposes of this Paragraph, a reasonable time shall in no event be more than thirty (30) days after receipt by Landlord, and any Lender whose name and address shall have been furnished Tenant in writing for such purpose, of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days

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are reasonably required for its performance, then Landlord shall not be in breach if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

14. CONDEMNATION. If the Premises or any portion thereof are taken under the

power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of building area portion of the Premises is taken by Condemnation, Tenant may, at Tenant's option, to be exercised in writing within ten (10) business days after Landlord shall have given Tenant written notice of such taking (or in the absence of such notice, within ten (10) business days after the condemning authority shall have taken possession), terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Tenant shall be entitled to any compensation for Tenant's relocation expenses and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. In the event that this Lease is not terminated by reason of the Condemnation, Landlord shall repair any damage to the Premises caused by such Condemnation to the extent of any condemnation proceeds received by Landlord as severance damages.

15. BROKERS' FEE.

15.1. Representations and Indemnities of Broker Relationships. Tenant and Landlord each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Tenant and Landlord do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, and attorneys' fees reasonably incurred with respect thereto. Tenant acknowledges that J. Douglas Finney of Landlord is a licensed California real estate broker or sales-person, and that J. Douglas Finney shall have no fiduciary or other obligations to Tenant by reason thereof.

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16. ESTOPPEL CERTIFICATES.

(a) Each Party (as "Responding Party") shall within fifteen (15) days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such fifteen day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Landlord is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Landlord desires to finance, refinance, or sell the Premises, or any part thereof, Tenant and all Guarantors shall deliver to any potential lender or purchaser designated by Landlord such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Tenant's financial statements for the past three (3) years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. DEFINITION OF LANDLORD. The term "Landlord" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Tenant's interest in the prior lease. In the event of a transfer of Landlord's title or interest in the Premises or this Lease, Landlord shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Landlord. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, and the express assumption of Landlord's obligations under this Lease by the transferee, the prior Landlord shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Landlord. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Landlord shall be binding only upon the Landlord as hereinabove defined.

18. SEVERABILITY. The invalidity of any provision of this Lease, as

determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

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19. DAYS. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. LIMITATION ON LIABILITY. Subject to the provisions of Paragraph 17 above, the obligations of Landlord under this Lease shall not constitute personal obligations of Landlord, the individual partners of Landlord or its or their individual partners, directors, officers or shareholders, and Tenant shall look to the Premises, and to no other assets of Landlord, for the satisfaction of any liability of Landlord with respect to this Lease, and shall not seek recourse against the individual partners of Landlord, or its or their individual partners, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. TIME OF ESSENCE. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. NO PRIOR OR OTHER AGREEMENTS; BROKER DISCLAIMER. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Landlord and Tenant each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees) of any Broker with respect to negotiation, execution, delivery or performance by either Landlord or Tenant under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

23. NOTICES.

23.1. NOTICE REQUIREMENTS. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by courier, including, without limitation, overnight courier service) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice. A copy of all notices to Landlord shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate in writing.

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23.2. DATE OF NOTICE. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. WAIVERS. No waiver by Landlord of the Default or Breach of any term, covenant or condition hereof by Tenant, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Tenant of the same or of any other term, covenant or condition hereof. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to, or approval of, any subsequent or similar act by Tenant, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent by Landlord shall not be a waiver of any Default or Breach by Tenant. Any payment by Tenant may be accepted by Landlord on account of moneys or damages due Landlord, notwithstanding any qualifying statements or conditions made by Tenant in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Landlord at or before the time of deposit of such payment.

25. RECORDING. Tenant shall have no right to record any memorandum, short form or other instrument relating to this Lease without Landlord's prior written

consent. Upon Landlord's request, Tenant shall execute, acknowledge and deliver to Landlord a memorandum of this Lease for recording purposes.

26. NO RIGHT TO HOLDOVER. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease without Landlord's written consent. In the event that Tenant holds over without Landlord's written consent, then the Base Rent and all other amounts payable by Tenant under this Lease shall be increased to one hundred fifty percent (150%) of the amounts thereof applicable during the month immediately preceding the expiration or termination of this Lease. Nothing contained herein shall be construed as consent by Landlord to any holding over by Tenant. If Tenant shall hold over with Landlord's written consent, then the Base Rent and other amounts payable by Tenant under this Lease shall be increased to one hundred twenty five percent (125%) of the amounts thereof applicable during the month immediately preceding the expiration or termination of this Lease. If upon expiration of

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the term of this Lease, Tenant shall holdover with Landlord's written consent, and at such time the Parties are negotiating a renewal of the Lease in good faith; then Tenant shall not be obligated to pay the increase in Rent required under the preceding sentence; provided, however, that (a) upon agreement on such renewal, Base Rent and other amounts payable by Tenant under this Lease shall be deemed to have accrued from the date of expiration of the term of this Lease at the new rates agreed upon by the Parties, and Tenant shall promptly pay to Landlord the amount of any shortfall in Rent payments during such period of time, and (b) if Landlord and Tenant shall not agree upon such renewal, Base Rent and other amounts payable by Tenant under this Lease shall be deemed to have accrued from the date of expiration of the term of this Lease at the rate in effect as of the Expiration Date.

27. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. COVENANTS AND CONDITIONS; CONSTRUCTION OF AGREEMENT. All provisions of this Lease to be observed or performed by Tenant are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. BINDING EFFECT; CHOICE OF LAW. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. SUBORDINATION; ATTORNMENT; NON-DISTURBANCE.

30.1. SUBORDINATION. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Tenant agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Landlord under this Lease. Subject to the non-disturbance provisions of Paragraph 30.3, Tenant agrees to execute and deliver upon demand such further instruments evidencing such subordination of this Lease and any Option to any Security Device as may be reasonably required by Landlord or any Lender. Any Lender may elect to have this Lease and/or any Option granted hereby superior to

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the lien of its Security Device by giving written notice thereof to Tenant, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2. ATTORNMENT. Subject to the non-disturbance provisions of Paragraph 30.3, Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership, but such new owner shall nonetheless be required to perform the obligations of Landlord during the period of such new owner's ownership of the Premises; (ii) be subject to any offsets or defenses which Tenant might have against any prior landlord, or (iii) be bound by prepayment of more than one (1) month's rent.

30.3. NON-DISTURBANCE. With respect to Security Devices entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement in a form reasonably acceptable to Tenant, Tenant's acceptance not to be unreasonably withheld (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Tenant's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in Default hereunder and attorns to the record owner of the Premises. Further, within sixty (60) days after the execution of this Lease, Landlord shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises.

30.4. SELF-EXECUTING. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Landlord or a Lender in connection with a sale, financing or refinancing of the Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. ATTORNEYS' FEES. If any Party or Broker brings an action or proceeding involving the Premises to enforce the terms hereof or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in

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accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

32. LANDLORD'S ACCESS; SHOWING PREMISES; REPAIRS. Landlord and Landlord's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times upon not less than 48 hours' advance notice delivered during regular business hours, for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Landlord may deem reasonably necessary. All such activities shall be without abatement of rent or liability to Tenant; provided, however, that Landlord shall use commercially reasonable efforts to minimize interference with the operation of Tenant's business in the Premises. Landlord may at any time place on the Premises any ordinary "For Sale" signs and Landlord may during the last six (6) months of the term hereof place on the Premises any ordinary "For Lease" signs.

33. AUCTIONS. Tenant shall not conduct, nor permit to be conducted, any auction upon the Premises without Landlord's prior written consent. Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. SIGNS. Tenant shall not place any sign upon the Premises without Landlord's prior written consent. Notwithstanding the foregoing, Tenant, at its sole cost and expense, shall have the right to install monument and/or building signage identifying its occupancy of the Premises, subject to Landlord's prior written approval, which shall not be unreasonably withheld or delayed, and subject to any sign ordinance or other required governmental approvals. All signs must comply with all Applicable Requirements.

35. TERMINATION; MERGER. Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Landlord may elect to continue any one or all existing subtenancies. Landlord's failure within ten (10) days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Landlord's election to have such event constitute the termination of such interest.

36. CONSENTS. Landlord's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or in response to, a request by Tenant for any Landlord consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Tenant upon receipt of an invoice and supporting documentation therefor; provided, however, that this sentence shall not apply to approvals granted by Landlord in conjunction with Tenant's Work under Paragraph

55.2 below. Landlord's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Tenant of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Landlord at the time of such consent. The failure to specify herein any particular condition to Landlord's consent shall not preclude the imposition by Landlord at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within ten (10) business days following such request.

37. GUARANTOR.

37.1. Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligations as Tenant under this Lease.

37.2. DEFAULT. It shall constitute a Default of the Tenant if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. QUIET POSSESSION. Subject to payment by Tenant of the Rent and performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession and quiet enjoyment of the Premises during the term hereof as against any parties lawfully claiming under Landlord.

39. OPTIONS.

39.1. DEFINITION. "Option" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Tenant has on other property of Landlord; (b) the right of first refusal or first offer to lease either the Premises or other property of Landlord; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Landlord.

39.2. OPTIONS PERSONAL TO ORIGINAL TENANT. Each Option granted to Tenant in this Lease is personal to the original Tenant and to any permitted transferee under Paragraph 12.5 above, and cannot be assigned or exercised by anyone other than said

original Tenant (or permitted transferee) and only while the original Tenant (or permitted transferee) is in full possession of the Premises and, if requested by Landlord, with Tenant certifying that Tenant has no intention of thereafter assigning or subletting.

39.3. MULTIPLE OPTIONS. In the event that Tenant has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4. EFFECT OF DEFAULT ON OPTIONS.

(a) Tenant shall have no right to exercise an Option: (i) during the time Tenant is in Breach of this Lease, or (ii) in the event of any holding over under this Lease without Landlord's written consent following the expiration of the Original Term or any Lease Renewal Term.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term, Tenant commits a Breach of this Lease.

40. RULES. Tenant agrees that it will observe all reasonable rules and regulations which Landlord may make from time to time for the management, safety, and care of the Premises, including the care and cleanliness of the grounds.

41. SECURITY MEASURES. Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from the acts of third parties.

42. RESERVATIONS. Landlord reserves to itself the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights and dedications that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

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43. COUNTERPARTS. This Lease may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

44. AUTHORITY. If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each party shall, within thirty (30) days after written request, deliver to the other party satisfactory evidence of such authority.

45. CONFLICT. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. OFFER. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. AMENDMENTS. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Tenant's obligations or entitlements hereunder, Tenant agrees to make such reasonable, non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of financing or refinancing of the Premises.

48. MULTIPLE PARTIES. If more than one person or entity is named herein as either Landlord or Tenant, such multiple Parties shall have joint and several responsibility to comply with the terms of this Lease.

49. MEDIATION AND ARBITRATION OF DISPUTES. An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is not attached to this Lease.

50. COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT. Tenant, at its sole cost and expense, shall be solely responsible for the installation and cost of any and all improvements, alterations or other work required on or to the Premises or to any other portion of the property and/or building of which the Premises are a part, required or reasonably necessary under Applicable Requirements because of (i) the use to which the Premises or any portion thereof is put, or any alterations, additions, improvements, or other work constructed on or about the Premises; (ii) the use to which the Premises or any portion thereof is put (or any alterations, additions, improvements or other work constructed) by any assignee or subtenant under any assignment or sublease; or (iii) both, including any improvements, alterations or other work required under the Americans

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With Disabilities Act of 1990. Compliance with the provisions of this Paragraph shall be a condition of Landlord granting its consent to any assignment or sublease of all or a portion of this Lease and the Premises described in this Lease. Landlord and Cornish & Carey Commercial make no representation or warranty with respect to compliance or noncompliance of the facility or any contemplated use with ADA requirements. Cornish & Carey Commercial recommends that Tenant consult its attorney to determine if this act applies to Tenant and if so the requirements that must be met. The applicability of the act is a legal issue and Cornish & Carey Commercial cannot give Tenant legal advice on such matters.

51. TOXIC CONTAMINATION DISCLOSURE. Landlord and Tenant acknowledge that they have been advised that numerous federal, state, and/or local laws, ordinances and regulations ("Laws") affect the existence and removal, storage, disposal, leakage of and contamination by materials designated as hazardous or toxic ("Toxics"). Many materials, some utilized in everyday business activities and property maintenance, are designated as hazardous or toxic. Some of the Laws

require that Toxics be removed or cleaned up by landowners, future landowners or former landowners without regard to whether the party required to pay for "clean up" caused the contamination, owned the property at the time the contamination occurred or even knew about the contamination. Some items, such as asbestos or PCBs, which were legal when installed, now are classified as Toxics, and are subject to removal requirements. Civil lawsuits for damages resulting from Toxics may be filed by third parties in certain circumstance. Cornish & Carey Commercial has recommended, and hereby recommends, that each of the parties have competent professional environmental specialists review the Premises and make recommended tests so that a reasonably informed assessment of these matters can be made by each of the parties. Landlord and Tenant acknowledge that neither Cornish & Carey Commercial nor its agents or salespersons have been retained to investigate or arrange investigation by others, and have not made any recommendations or representations with regard to the presence or absence of Toxics on, in or beneath the Premises. Landlord and Tenant agree that they will rely only on persons who are experts in this field and will obtain such expert advice so each of them will be as fully informed as possible with regards to Toxics in entering into this Agreement.

52. FIRST OPTION TO RENEW. Tenant is given the option to extend the term of this Lease upon all the provisions contained in this Lease, except that the monthly Base Rent shall be equal to ninety-five percent (95%) of the Fair Market Rent (as defined below). The first renewal term shall be for a period of five (5) years (hereinafter referred to as the "First Renewal Lease Term") following expiration of the Lease term (hereinafter referred to as the "Initial Lease Term"). Tenant may exercise such option by giving written notice of exercise of the option (hereinafter referred to as the "Option Notice") to Landlord at least two hundred ten (210) days, but not more than three

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hundred sixty five (365) days before the expiration of the Initial Lease Term. Provided that, if there exists a Breach on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if there exists a Breach on the date the First Renewal Lease Term is to commence, the First Renewal Lease Term shall not commence and this Lease shall expire at the end of the Initial Lease term.

As used in this Lease, "Fair Market Rent" shall mean the rental rate then being charged for comparable space in comparable buildings in the Mountain View, California area as of the date of commencement of the First Renewal Lease Term or the Second Renewal Lease Term (as defined below), as applicable, with similar amenities, taking into consideration the size, location, proposed term of the lease, the fact that the Premises have been improved with the Landlord's Work and the Tenant's Work and other relevant factors. Fair Market Rent as so determined shall include then-prevailing annual market increases (if any) for each subsequent year of the First Renewal Lease Term or the Second Renewal Lease Term as applicable.

The parties shall have thirty (30) days after Landlord receives the Option Notice in which to agree on the Fair Market Rent for the First Renewal Lease Term. If the parties agree on the Fair Market Rent for the First Renewal Lease Term during that period, they shall immediately execute an amendment to this Lease stating the monthly Base Rent for the First Renewal Lease Term and the annual market rent increases, if any, for the five (5) year period of the First Renewal Lease Term. If the parties are unable to agree on the Fair Market Rent within that period, then within thirty (30) days after the expiration of that period, each party, at its cost and by giving written notice to the other party, shall appoint a commercial real estate broker/agent from a recognized real estate brokerage firm having offices in Santa Clara County, California (hereinafter referred to as "Agent") with at least ten (10) years full-time commercial real estate brokerage experience in the area in which the Premises are located, to give an opinion of Fair Market Rent and set the monthly Base Rent for the First Renewal Lease Term, and shall give written notice of such selection to the other party specifying therein the name and address of the Agent. If one party does not appoint an Agent within such 30-day period, the single, Agent appointed shall be the sole judge of opinion of Fair Market Rent and shall set the monthly Base Rent for the First Renewal Lease Term. If the two Agents are appointed by the parties as stated in this Paragraph, they shall meet promptly and attempt to set the monthly Base Rent for the First Renewal Lease Term. If they are unable to agree within thin (30) days after the second Agent has been appointed, they shall attempt to elect a third Agent meeting the qualifications stated in this Paragraph within thirty (30) days after the last day the two Agents are given to set the monthly Base Rent. If they are unable to agree on the third Agent, either of the parties to this Lease, by giving fifteen (15) days written notice to the other party can apply to the then President of the county real estate board of the county in which the Premises are located for the selection of a

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third Agent who meets the qualifications stated in this Paragraph. Each of the parties shall bear one-half (1/2) of the cost of appointing the third Agent and

of paying the third Agent's fee. The third Agent, however selected, shall be a person who has not previously acted in any capacity for either party. Within fifteen (15) days after the selection of the third Agent, a majority of the Agents shall set the monthly Base Rent for the First Renewal Lease Term. If a majority of the Agents are unable to set the monthly Base Rent within the stipulated period of time, the three (3) opinions of Fair Market Rent shall be added together and their total divided by three (3); ninety-five percent (95%) of the resulting quotient shall be the monthly Base Rent for the Premises during the first year of the First Renewal Lease Term. If, however, the low determination of the Fair Market Rent and/or high determination of Fair Market Rent are more than ten percent (10%) lower and/or higher than the middle determination, any such low determination and/or high determination shall be disregarded. If only one determination is more than ten percent (10%) above or below the middle determination, such that only one determination needs to be disregarded, the remaining two determinations shall be added together and their total divided by two; the resulting quotient shall be the Fair Market Rent. If both the low determination and the high determination are disregarded, then the middle determination shall be used to establish the Monthly Base Rent for the Premises during the first year of the First Renewal Lease Term. The annual market rate increases to be applicable following the first year of the First Rental Lease Term, if any, shall be calculated in a like manner as the Fair Market Rent if the Agents are not able to agree upon their respective amounts.

53. SECOND OPTION TO RENEW. Tenant is given the second option to extend the term of this Lease upon all the provisions contained in this Lease, except that the monthly Base Rent shall be equal to ninety-five percent (95%) of the Fair Market Rent (as defined above). The second renewal term shall be for a period of five (5) years (hereinafter referred to as the "Second Renewal Lease Term") following expiration of the First Renewal Lease Term. Tenant may exercise such option by giving written notice of exercise of the option (hereinafter referred to as the "Option Notice") to Landlord at least two hundred ten (210) days, but not more than three hundred sixty five (365) days before the expiration of the First Renewal Lease Term. Provided that, if there exists a Breach on the date of giving the Option Notice, the Option Notice shall be totally ineffective, or if there exists a Breach on the date the Second Renewal Lease Term is to commence, the Second Renewal Lease Term shall not commence and this Lease shall expire at the end of the First Renewal Lease Term.

The monthly Base Rent applicable during the first year of the Second Renewal Lease Term, and the annual market increases in monthly Base Rent applicable during the Second Renewal Lease Term, shall be determined in accordance with the procedure set forth in Paragraph 52 above.

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54. PARKING. Tenant shall have the exclusive right to use all parking spaces located on the Premises for the purpose of parking automobiles by Tenant, its employees, agents and invitees. Notwithstanding the foregoing, Tenant acknowledges that Landlord shall have no obligation to monitor the use of any of the parking areas located on the Premises or otherwise to take any measures to prohibit any unauthorized use thereof by any other parties.

55. LANDLORD'S, TENANT'S WORK.

55.1. LANDLORD'S WORK.

On or before the Commencement Date, Landlord, at its sole cost and expense, shall (a) cause the existing shed/small building (including foundation) located on the parking areas of the Premises to be removed, (b) cause all of such parking areas to be slurried, striped and otherwise in good repair, and (c) repair the parking area at the rear of the building that is damaged because of the trash container.

55.2. TENANT'S WORK. In order to prepare the Premises for Tenant's occupancy thereof, Tenant, at its sole cost and expense, shall perform the following alterations, additions, improvements and other work on the Premises: replacement of the roof of the Premises; replacement of the HVAC system in the Premises; replacement of the existing restroom with a new restroom, including showers; renovation of the interior of the Premises to Tenant's specifications, as approved by Landlord; renovation and/or replacement of the operating systems in the Premises; seismic upgrades (limited to wall-to-roof anchors); installation of carpeting, tile and new offices; and other interior improvements to Tenant's specifications, as approved by Landlord (collectively "Tenant's Work"). Tenant shall cause the Tenant's Work to be completed to Landlord's reasonable satisfaction. Prior to commencing Tenant's Work, Tenant shall obtain Landlord's prior written consent (not to be unreasonably withheld or delayed) to plans and specifications for the Tenant's Work (which shall include a detail of all finishes), the contractor performing the Tenant's Work and the schedule for performing Tenant's Work, and Tenant shall also provide Landlord with copies of any required building or other permits of governmental authorities and evidence of the contractor's insurance coverage acceptable to Landlord. Tenant shall not be obligated to provide any performance and/or payment bonds with respect to the Tenant's Work, and the Landlord shall impose no construction management fees in connection with Tenant's performance of Tenant's Work. Tenant's Work shall be

completed by Tenant in accordance with the plans and specifications therefor approved by Landlord, shall be carried out in a good, workmanlike and prompt manner, shall comply with all applicable statutes, ordinances, rules and regulations of governmental authorities having jurisdiction thereof, and shall be subject to supervision by Landlord. If the performance of Tenant's Work shall trigger any code upgrades to any portion of the Premises or otherwise obligate the Landlord

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and/or Tenant to make any alterations, additions or improvements to any portion of the Premises, including, without limitation, under the Americans with Disabilities Act, Title 24 or any laws relating to seismic safety, all such upgrades, alterations, additions or improvements shall be made by Tenant at its sole cost and expense. Landlord shall have the right to post on the Premises any notices of nonresponsibility and other notices that Landlord may deem appropriate for the protection of Landlord's interest in connection with Tenant's performance of the Tenant's Work. Tenant shall provide Landlord with one set of as-built drawings of the Tenant's Work and one set of construction drawings based on the final build-out of Tenant's Work.

56. FINANCIAL STATEMENTS. Wherever, in this Lease, Tenant is required to provide Landlord with copies of Tenant's "audited financial statements", Landlord shall accept a copy of Tenant's most recent annual report.

57. AREA OF PREMISES. The rentable square footage of the Premises set forth in Paragraph 1.2 above has been calculated by measuring to the exterior surface of the outside walls of the Premises, with no deductions for any interior portions of the Premises.

58. REPORTS. If Sun Microsystems shall cause to be prepared any reports relating to the Premises in connection with its vacation of the Premises, and if Sun Microsystems shall provide promptly copies of such reports to Landlord, Landlord shall provide copies of such reports to Tenant. Landlord shall reasonably cooperate with Tenant in Tenant's preparation of a Phase I environmental assessment of the Premises prior to the Early Possession Date. Any entries onto the Premises by Tenant, its employees, agents and contractors, for such purposes shall be subject to the rights of Sun Microsystems under its lease of the Premises, and shall also be subject to the provisions of Paragraph 8.7 of this Lease. Tenant shall have no right to conduct any invasive environmental testing, including, without limitation, taking any soils or groundwater samples, without Landlord's prior written consent.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

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ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE.

The parties hereto have executed this Lease as of the date first above written.

LANDLORD:

LANDLORD'S ADDRESS:

J. Douglas Finney
400 Sand Hill Road
Menlo Park, CA 94025

/s/ J. DOUGLAS FINNEY

J. DOUGLAS FINNEY

/s/ CLAY DELSECCO

CLAY DELSECCO, TRUSTEE

Clay DelSecco
7 Betty Lane

Atherton, CA 94027

/s/ CAROL DELSECCO

CAROL DELSECCO, TRUSTEE

/s/ JAMES SAMMET

JAMES SAMMET, TRUSTEE

James Sammet
179 Starfish Court
Marina, CA 93933

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TENANT:

INTUIT INC.,
a Delaware corporation

TENANT'S ADDRESS:

Intuit Inc.
2632 Marine Way
Mountain View, CA 94043
Attn: Real Estate Manager

By: /s/ [SIGNATURE ILLEGIBLE]

Title: Chief Financial
Officer and
Senior Vice President

With a copy to:

Intuit Inc.
2550 Garcia Avenue, 2nd Floor
Mountain View, CA 94043
Attn: Vice President of Finance and
Corporate Services
Fax: (650) 944-5499

APPROVED
Intuit Legal Dept.
Date March 29, 1999

By /s/ Beverly Bellows

And with a copy to:

Intuit Inc.
2550 Garcia Avenue, 2nd Floor
Mountain View, CA 94043
Attn: General Counsel
Fax: (650) 944-6622

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INDUSTRIAL NET LEASE

FOR

SORRENTO VISTA INDUSTRIAL PARK
SAN DIEGO, CALIFORNIA

BY AND BETWEEN

SPIEKER PROPERTIES, L.P.
A CALIFORNIA LIMITED PARTNERSHIP

AS LANDLORD

AND

INTUIT INC.,
A DELAWARE CORPORATION

AS TENANT

BASIC LEASE INFORMATION

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LEASE DATE:	JULY 2, 1997
ADDRESS OF PREMISES:	6060 NANCY RIDGE DRIVE, SUITE 100 SAN DIEGO, CA 92121
TENANT:	INTUIT INC., A DELAWARE CORPORATION
ADDRESS OF TENANT:	6220 GREENWICH DRIVE SAN DIEGO, CA 92122 ATTENTION: FACILITIES MANAGER, LYNETTE BERGAMINI PHONE: (619)784-4000 FAX: (619)784-1389 with additional notices to: General Counsel-Catherine Valentine mailing address: P.O. Box 7850 Mountain View, CA 94039 physical address: 2535 Garcia Avenue Mountain View, CA 94043 phone: (415)944-6656 fax: (415)944-6622 and to the Premises. Attention Dan Torres, Manager
LANDLORD:	SPIEKER PROPERTIES, L.P., A CALIFORNIA LIMITED PARTNERSHIP
ADDRESS OF LANDLORD:	9255 TOWNE CENTRE DRIVE, SUITE 100 SAN DIEGO, CA 92121 PHONE: (619)453-5800 FAX: (619)623-8506
PROJECT DESCRIPTION:	AN APPROXIMATELY 228,130 SQUARE FOOT, TWO BUILDING INDUSTRIAL PROJECT LOCATED IN SAN DIEGO, CALIFORNIA AND COMMONLY KNOWN AS SORRENTO VISTA INDUSTRIAL PARK AS SHOWN ON EXHIBIT "A", ATTACHED HERETO.
BUILDING DESCRIPTION:	AN APPROXIMATELY 121,700 SQUARE FOOT BUILDING LOCATED AT 6060 NANCY RIDGE DRIVE, SAN DIEGO, CALIFORNIA AS SHOWN ON EXHIBIT "B" ATTACHED HERETO.
PREMISES:	APPROXIMATELY 60,585 SQUARE FEET OF OFFICE AND WAREHOUSE SPACE LOCATED IN THE BUILDING AS SHOWN ON EXHIBIT "B" ATTACHED HERETO.

PERMITTED USES: GENERAL OFFICE, WAREHOUSING, MANUFACTURING AND DISTRIBUTION AND FOR NO OTHER USE, AS ALLOWED UNDER EXISTING ZONING.

PARKING: TENANT IS ENTITLED TO 1.47 UNASSIGNED PARKING STALLS PER 1,000 SQUARE FEET LEASED, WHICH IS APPROXIMATELY 89 PARKING SPACES.

SCHEDULED TERM COMMENCEMENT DATE: OCTOBER 1, 1997.

LENGTH OF TERM: SEVENTY-TWO (72) MONTHS.

BASE RENT:

OCTOBER 1, 1997-SEPTEMBER 30, 1998	\$33,745/MO
OCTOBER 1, 1998-SEPTEMBER 30, 1999	\$35,170/MO
OCTOBER 1, 1999-SEPTEMBER 30, 2000	\$36,645/MO
OCTOBER 1, 2000-SEPTEMBER 30, 2001	\$38,195/MO
OCTOBER 1, 2001-SEPTEMBER 30, 2002	\$39,820/MO
OCTOBER 1, 2002-SEPTEMBER 30, 2003	\$41,500/MO

SECURITY DEPOSIT: \$15,000 DUE UPON LEASE EXECUTION.

TENANT'S PROPORTIONATE SHARE: 49.78% OF BUILDING.
26.56% OF PROJECT.

</TABLE>

THE FOREGOING BASIC LEASE INFORMATION IS INCORPORATED INTO AND MADE A PART OF THIS LEASE. EACH REFERENCE IN THIS LEASE TO ANY OF THE BASIC LEASE INFORMATION SHALL MEAN THE RESPECTIVE INFORMATION ABOVE AND SHALL BE CONSTRUED TO INCORPORATE ALL OF THE TERMS PROVIDED UNDER THE PARTICULAR LEASE PARAGRAPH PERTAINING TO SUCH INFORMATION. IN THE EVENT OF ANY CONFLICT BETWEEN THE BASIC LEASE INFORMATION AND THE LEASE, THE LATTER SHALL CONTROL.

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LEASE

This Lease is made as of JULY 2, 1997, between SPIEKER PROPERTIES, L.P., A CALIFORNIA LIMITED PARTNERSHIP (hereinafter called "LANDLORD") and INTUIT INC., A DELAWARE CORPORATION (hereinafter called "TENANT").

PREMISES 1. Landlord leases to Tenant and Tenant leases from Landlord, upon the terms and conditions hereafter set forth, those premises (the "Premises") as shown on Exhibit "B" and described in the Basic Lease Information. The Premises may be all or part of the building (the "Building") or of the project (the "Project") which may consist of more than one building. The Building and Project are shown on Exhibit "B".

POSSESSION AND LEASE COMMENCEMENT 2.

B. In the event this Lease pertains to a Building to be constructed or improvements to be constructed within a Building, the provisions of this subparagraph 2.B. shall apply in lieu of the provisions of subparagraph 2.A. above and the Term Commencement Date shall be the earlier of the date on which (1) Tenant takes possession of some or all of the Premises, or (2) the improvements constructed or to be constructed in the Premises shall have been substantially completed in accordance with the plans and specifications described on Exhibit "C" attached hereto and incorporated herein by reference, AND DOCUMENTED BY A COPY OF THE CERTIFICATE OF OCCUPANCY, TEMPORARY OR PERMANENT, FROM THE CITY OF SAN DIEGO, whether or not substantial completion of the Building itself shall have occurred. In the event of any dispute as to substantial completion of work performed or required to be performed by Landlord, the certificate of Landlord's architect or general contractor shall be conclusive. Substantial completion shall have occurred notwithstanding a requirement for Landlord to complete punch list items or similar corrective work. LANDLORD SHALL USE COMMERCIALY REASONABLE EFFORTS TO COMPLETE PUNCH LIST ITEMS

WITHIN SIXTY (60) DAYS OF TENANT SUBMITTING SUCH LIST IN WRITING TO LANDLORD. Tenant shall, upon demand, within thirty (30) days of receipt, execute and deliver to Landlord a letter of acceptance of delivery of the Premises which WILL SPECIFY THE ACTUAL TERM COMMENCEMENT DATE.

TERM

3. The Term of this Lease shall commence on the Term Commencement Date and continue in full force and effect for the number of months specified as the Length and Term in the Basic Lease Information or until this Lease is terminated as otherwise provided herein. If the Term Commencement Date is a date other than the first day of the calendar month, the Term shall be the number of months of the Length of Term in addition to the remainder of the calendar month following the Term Commencement Date.

USE

4. A. Tenant shall use the Premises for the Permitted Use and for no other use or purpose without prior written consent of Landlord. No MATERIAL increase in the occupant density of the Premises shall be made without the prior written consent of Landlord. Tenant and its employees, customers, visitors, and licensees shall have the non-exclusive right to use, in common with other parties occupying the Buildings or Project, the parking areas and driveways of the Project, subject to such reasonable rules and regulations as Landlord may from time to time prescribe.

B. Tenant shall not permit any odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, nor take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants of the Building or Project in which the Premises are situated or unreasonably interfere with their use of their respective premises. Tenant shall not receive, store or otherwise handle any product, material or merchandise which is toxic, harmful, explosive, highly inflammable or combustible, OTHER THAN NORMAL AND REASONABLE AMOUNTS OF CLEANING AND PEST CONTROL SUPPLIES REASONABLY NECESSARY FOR MAINTENANCE OF THE PREMISES SO LONG AS SUCH MATERIALS ARE PROPERLY, SAFELY AND LAWFULLY STORED AND USED BY TENANT. Storage outside the Premises of materials, vehicles or any other items Landlord deems objectionable is prohibited without Landlord's prior written consent. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause or maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer the commission of any waste in, on or about the Premises. Tenant shall not allow any sale by auction upon the Premises, or place any loads upon the floors, walls or ceilings which endanger the structure, or place any harmful liquids in the drainage system of the Building or Project. No waste, materials or refuse shall be dumped upon or permitted to remain outside the Premises except in trash containers placed inside exterior enclosures designated for that purpose by Landlord.

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C. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense obtain any and all licenses or permits necessary for Tenant's use of the Premises. Tenant shall promptly comply with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any actions against Tenant, whether Landlord be a party thereto or not, that Tenant has so violated any such law, statute, ordinance, rule, regulation or requirement, shall be conclusive of such violation as between Landlord and Tenant. Tenant shall not do or permit anything to be done in, on or about the Premises or bring or keep anything which will in any way increase the rate of any insurance upon the Premises, Building or Project, or upon any contents therein or cause a cancellation of said insurance or otherwise affect said insurance in any manner. Tenant shall indemnify Landlord and hold Landlord harmless against any loss, expense, damage, attorneys' fees or liability arising out of the failure of Tenant to comply with any applicable law or comply with the requirements as set forth herein. THE PROJECT HAS BEEN BUILT IN COMPLIANCE WITH ALL CURRENT BUILDING CODES, INCLUDING ADA CONFORMANCE. TO THE BEST OF LANDLORD'S

KNOWLEDGE, THERE ARE CURRENTLY NO HAZARDOUS MATERIALS
VIOLATIONS ON OR ABOUT THE PREMISES

RULES AND
REGULATIONS

5. Tenant and Tenant's agents, employees, and invitees shall faithfully observe and comply with any rules and regulations Landlord may from time to time reasonably prescribe in writing for the purpose of maintaining the proper care, cleanliness, safety, traffic flow and general order of the Premises or Project. Landlord shall not be responsible to Tenant for the non-compliance by any other tenant or occupant of the Building or Project with any of the rules and regulations.

RENT

6. Tenant shall pay to Landlord, without demand throughout the term, Rent as specified in the Basic Lease Information, payable in monthly installments in advance on or before the first day of each calendar month, in lawful money of the United States, without deduction or offset whatsoever to Landlord at the address specified in the Basic Lease Information or to such other firm or to such other place as Landlord may from time to time designate in writing. Rent for the first full month of the Term shall be paid by Tenant upon Tenant's execution of this Lease. If the obligation for payment of Rent commences on other than the first day of a month, then Rent shall be prorated and the prorated installment shall be paid on the first day of the calendar month next succeeding the Term Commencement Date.

BASIC
OPERATING
COSTS

7. A. BASIC OPERATING COST. In addition to the Base Rent required to be paid hereunder, Tenant shall pay as additional Rent, Tenant's Proportionate Share, as defined in the Basic Lease Information, of Basic Operating Cost in the manner set forth below. Basic Operating Cost shall mean all expenses and costs of every kind and nature which Landlord shall pay or become obligated to pay, or would be required to pay if the Project were fully occupied, because of or in connection with the management, maintenance, preservation and operation of the Project and its supporting facilities servicing the Project (determined in accordance with generally accepted accounting principles, consistently applied) including, but not limited to, the following:

(1) All real estate taxes, possessory interest taxes, business or license taxes or fees, service payment in lieu of such taxes or fees, annual or periodic license or use fees, excises, transit charges, housing fund assessments, open space charge, assessments, levies, fees or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind (including fees "in-lieu" of any such tax or assessment) which are assessed, levied, charged, confirmed, or imposed by any public authority upon the Project, its operations or the rent (or any portion or component thereof), except (a) inheritance or estate taxes imposed upon or assessed against the Project, or any part thereof or interest therein, and (b) taxes computed on the basis of the net income of Landlord or the owner of any interest therein.

(2) All REASONABLE insurance premiums and costs, including, but not limited to, any deductible amounts, premiums and cost of fire, casualty and liability coverage, rental abatement and special hazard insurance applicable to the Project and Landlord's personal property used in connection therewith; provided, however, that Landlord may, but shall not be obligated to, carry special hazard insurance covering losses caused by casualty not insured under standard fire and extended coverage insurance.

(3) Repairs, replacements (BUT NOT INCLUDING CAPITAL ITEMS) and general maintenance for the Premises, Building and Project (except for those repairs expressly the responsibility of Landlord, those repairs paid for by proceeds of insurance or by Tenant or other third parties and alterations attributable solely to tenants of the Project other than Tenant).

(4) All REASONABLE maintenance, janitorial and service agreements and costs of supplies and equipment used in maintaining the Premises, Building and Project and the equipment therein and the adjacent sidewalks, driveways, parking and service areas, including, without limitation, alarm service, window cleaning, elevator maintenance, Building exterior maintenance and landscaping.

(5) Utilities which benefit all or a portion of the Premises.

(6) A management and accounting cost recovery equal to ten percent (10%) of Basic Operating Costs.

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In the event that the Project is not fully occupied during any fiscal year of the Term as determined by Landlord, an adjustment shall be made in computing the Basic Operating Cost for such year so that Basic Operating Cost shall be computed as though the building had been one hundred percent (100%) occupied; provided, however, that in no event shall Landlord be entitled to collect in excess of one hundred percent (100%) of the total Basic Operating Cost from all of the tenants in the Project including Tenant.

All costs and expenses shall be determined in accordance with generally accepted accounting principles which shall be consistently applied. Basic Operating Cost shall not include specific costs incurred for the account of, separately billed to and paid by specific tenants. Notwithstanding anything herein to the contrary, any instance wherein Landlord, at Landlord's sole discretion, deems Tenant to be responsible for any amounts greater than its Proportionate Share, Landlord shall WITH WRITTEN NOTICE GIVEN TO TENANT, have the right to allocate costs in any manner Landlord deems appropriate.

B. PAYMENT OF ESTIMATED BASIC OPERATING COST. "Estimated Basic Operating Cost" for any particular year shall mean Landlord's estimate of the Basic Operating Cost for such fiscal year made prior to commencement of such fiscal year as hereinafter provided. Landlord shall have the right from time to time to revise its fiscal year and interim accounting periods so long as the periods as so revised are reconciled with prior periods in accordance with generally accepted accounting principles applied in a consistent manner. During the last month of each fiscal year during the Term, or as soon thereafter as practicable, Landlord shall give Tenant written notice of the Estimated Basic Operating Cost for the ensuing fiscal year. Tenant shall pay Tenant's Proportionate Share of the Estimated Basic Operating Costs with installments of Base Rent for the fiscal year to which the Estimated Basic Operating Costs applies in monthly installments on the first day of each calendar month during such year, in advance. If at any time during the course of the fiscal year, Landlord determines that Basic Operating Cost will apparently vary from the then Estimated Basic Operating Cost by more than ten percent (10%), Landlord may, by written notice to Tenant, revise the Estimated Basic Operating Cost for the balance of such fiscal year and Tenant shall pay Tenant's Proportionate Share of the Estimated Basic Operating Cost as so revised for the balance of the then current fiscal year on the first of each calendar month thereafter.

C. COMPUTATION OF BASIC OPERATING COST ADJUSTMENT. "Basic Operating Cost Adjustment" shall mean the difference between Estimated Basic Operating Cost and Basic Operating Cost for any fiscal year determined as hereinafter provided. Within one hundred twenty (120) days after the end of each fiscal year, as determined by Landlord, or as soon thereafter as practicable, Landlord shall deliver to Tenant a REASONABLY DETAILED statement of Basic Operating Cost for the fiscal year just ended accompanied by a computation of Basic Operating Cost Adjustment. If such statement shows that Tenant's payment based upon Estimated Basic Operating Cost is less than Tenant's Proportionate Share (as defined in the Basic Lease Information) of Basic Operating Cost, then Tenant shall pay to Landlord the difference within twenty (20) days after receipt of such statement. If such statement shows that Tenant's payments of Estimated Basic Operating Cost exceed Tenant's Proportionate Share of Basic Operating Costs, then (provided that Tenant is not in default under this Lease), Landlord shall pay to Tenant the difference within twenty (20) days of such statement. If this Lease has been terminated or the Term hereof has expired prior to the date of such statement, then the Basic Operating Cost Adjustment shall be paid by the appropriate party within twenty (20) days after the date of delivery of the statement. Should this Lease commence or terminate at any time other than the first day of the fiscal year, Tenant's Proportionate Share of the Basic Operating Cost adjustment shall be prorated by reference to the exact number of calendar days during such fiscal year for which Tenant is

obligated to pay Base Rent.

D. NET LEASE. This shall be a net Lease and Base Rent shall be paid to Landlord absolutely net of all costs and expenses except as herein provided. The provisions for payment of Basic Operating Cost and the Basic Operating Cost Adjustment are intended to pass on to Tenant and reimburse Landlord for all costs and expenses of the nature described in Paragraph 7.A. incurred in connection with ownership and operation of the Building or Project and such additional facilities now and in subsequent years as may be REASONABLY determined by Landlord to be necessary to the Building or Project.

E. TENANT AUDIT. Tenant shall have the right, at Tenant's expense and upon not less than five (5) days prior written notice to Landlord, to review at reasonable times, in Landlord's office, Landlord's books and records applicable to Tenant's Lease for purposes of verifying Landlord's calculation of the Basic Operating Cost and Basic Operating Cost Adjustment.

In the event that Tenant shall dispute the amount set forth in any statement provided by Landlord under Paragraph 7.B. or 7.C. above, Tenant shall have the right, not later than twenty (20) days following the receipt of such statement and upon condition that Tenant shall first deposit with Landlord the full amount in dispute, to cause Landlord's books and records with respect to such fiscal year to be audited by certified public accountants selected by Tenant and subject to Landlord's reasonable right of approval. The Basic Operating Cost Adjustment shall be appropriately adjusted on the basis of such audit. If such audit discloses a liability for a refund in excess of ten percent (10%) of Tenant's Proportionate Share of the Basic Operating Cost Adjustment previously reported, the cost of such audit shall be borne by Landlord; otherwise, [the cost of such audit shall be paid by Tenant. If Tenant shall not request an audit in accordance with the provisions of this Paragraph 7.E. within twenty (20) days of receipt of Landlord's statement provided pursuant to Paragraph 7.B. or 7.C., such statement shall be final and binding for all purposes hereof.

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F. EXCLUSIONS TO OPERATING EXPENSES. OPERATING COSTS SPECIFICALLY DO NOT INCLUDE THE FOLLOWING: a) PRINCIPAL AND INTEREST PAYMENTS OF DEBT; b) GROUND LEASE PAYMENTS; c) DEPRECIATION; d) COSTS PROPERLY CHARGEABLE TO THE CAPITAL ACCOUNT, EXCEPT FOR CAPITAL EXPENDITURES TO THE EXTENT TO WHICH THEY REDUCE OPERATING EXPENSES; e) LANDLORD'S COSTS OF ANY SERVICE SOLD TO ANY TENANT OR OCCUPANT OF THE BUILDING FOR WHICH LANDLORD IS REIMBURSED AS AN ADDITIONAL CHARGE OVER AND ABOVE THE RENT PAYABLE WITH ANY TENANT, OTHER THAN BY VIRTUE OF THE PASS THROUGH OF BASIC OPERATING COSTS TO TENANTS OF THE BUILDING; f) ATTORNEY FEES, COSTS AND DISBURSEMENTS INCURRED IN CONNECTION WITH NEGOTIATIONS OR DISPUTES WITH OTHER TENANTS IN THE BUILDING; g) COST OF ANY ITEM FOR WHICH LANDLORD IS PAID OR REIMBURSED BY INSURANCE, WARRANTIES OR CONDEMNATION PROCEEDS; h) EXECUTIVE PARTNER OR BOARD MEMBER SALARIES; i) MARKETING AND ADVERTISING EXPENSES; j) REAL ESTATE BROKERS COMMISSIONS; k) THE COST OF INITIAL CONSTRUCTION OF THE BUILDING, AND ALL BASE BUILDING SYSTEMS, INCLUDING THE INITIAL PAVING, STRIPING THE PARKING AREA, LANDSCAPING, SIDEWALKS, CURBS, GUTTERS AND WALKWAYS.

In the event that Tenant shall dispute the amount set forth in any statement provided by Landlord under Paragraph 7.13. or 7.C. above, Tenant shall have the right, not later than ONE HUNDRED AND EIGHTY (180) days following the receipt of such statement and upon condition that Tenant shall first deposit with Landlord the full amount in dispute, to cause Landlord's books and records with respect to such fiscal year to be audited by certified public accountants selected by Tenant and subject to Landlord's reasonable right of approval. The Basic Operating Cost Adjustment shall be appropriately adjusted on the basis of such audit. If such audit discloses a liability for a refund in excess of ten percent (10%) of Tenant's Proportionate Share of the Basic Operating Cost Adjustment previously reported, the cost of such audit shall be borne by Landlord; otherwise, the cost of such audit shall be paid by Tenant. If Tenant shall not request AND COMPLETE an audit in accordance with the provisions of this Paragraph 7.E. within ONE HUNDRED AND EIGHTY (180) days of receipt of Landlord's statement provided

pursuant to Paragraph 7.B. or 7.C., such statement shall be final and binding for all purposes hereof.

INSURANCE AND

INDEMNIFICATION

8. A. CASUALTY INSURANCE. Landlord agrees to maintain insurance insuring the Buildings of the Project of which the Premises are a part, against fire, lightning, extended coverage, vandalism and malicious mischief in an amount not less than eighty percent (80%) of the replacement cost thereof. Such insurance shall be for the sole benefit of Landlord and under its sole control. Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease which Tenant may keep or maintain in the Premises or any leasehold improvements, additions or alternations which Tenant may make upon the Premises.

B. LIABILITY INSURANCE. Tenant shall purchase at its own expense and keep in force during this Lease a policy or policies of comprehensive liability insurance, including personal injury and property damage, in the amount of not less than Five Hundred Thousand Dollars (\$500,000.00) for property damage and Two Million Dollars (\$2,000,000.00) per occurrence for personal injuries or deaths of persons occurring in or about the Premises and Project. Said policies shall (1) name Landlord and, if applicable, its agent, and any party holding an interest to which this Lease may be subordinated as additional insureds, (2) be issued by an insurance company acceptable to Landlord and licensed to do business in the State of California, and (3) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Landlord. Said policy or policies or certificates thereof shall be delivered to Landlord by Tenant upon commencement of the Lease and upon each renewal of said insurance.

C. INDEMNIFICATION.

LANDLORD SHALL INDEMNIFY, DEFEND BY COUNSEL REASONABLY ACCEPTABLE TO TENANT, PROTECT AND HOLD TENANT HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, COSTS, DAMAGES, INJURIES OR EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS, ARISING OUT OF OR RELATED TO THE ACTIVE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY CONTAINER) IN THIS LEASE, LANDLORD SHALL IN NO EVENT BE LIABLE AND TENANT HEREBY WAIVES ALL CLAIMS AGAINST LANDLORD FOR ANY LOSS, DAMAGE, INJURY OR DEATH TO OR OF ANY PERSON OR PROPERLY (INCLUDING WITHOUT LIMITATION PERSONAL PROPERTY) CAUSED BY THEFT, FIRE, RAIN OR WATER LEAKAGE, OR FROM THE BREAKAGE, LEAKAGE, OBSTRUCTION OR OTHER DEFECTS OF PIPES, FIRE SPRINKLERS, WIRES, APPLIANCES, PLUMBING, HVAC OR LIGHTING FIXTURES, ELECTRICAL OR OTHER SYSTEMS, OR BY ACTS OF

GOD (INCLUDING WITHOUT LIMITATION FLOOD OR EARTHQUAKE), ACTS OF A PUBLIC ENEMY, RIOT, STRIKE, INSURRECTION, WAR, COURT ORDER, REQUISITION OR ORDER OF GOVERNMENTAL BODY OR AUTHORITY OR FOR ANY DAMAGE OR INCONVENIENCE WHICH MAY ARISE THROUGH REPAIR, EXCEPT AS EXPRESSLY OTHERWISE PROVIDED IN PARAGRAPH 10. IN ADDITION, LANDLORD SHALL IN NO EVENT BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR ANY LOSS OF INCOME OR PROFIT THEREFROM OR FOR CONSEQUENTIAL DAMAGES. TENANT SHALL INDEMNIFY, DEFEND BY COUNSEL REASONABLY ACCEPTABLE TO LANDLORD, PROTECT AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, COSTS, LOSS OF RENTS, LIENS, DAMAGES, INJURIES OR EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS, ARISING OUT OF OR RELATED TO: (1) CLAIMS OF INJURY TO OR DEATH OF PERSONS OR DAMAGE TO PROPERTY OCCURRING OR RESULTING DIRECTLY OR INDIRECTLY FROM THE USE OR OCCUPANCY OF THE PREMISES BY TENANT OR TENANT'S PARTIES, OR FROM ACTIVITIES OF TENANT OR TENANT'S PARTIES; (2) CLAIMS ARISING FROM WORK OR LABOR PERFORMED, OR FOR MATERIALS OR SUPPLIES FURNISHED TO OR AT THE REQUEST OF TENANT IN CONNECTION WITH PERFORMANCE OF ANY WORK DONE FOR THE ACCOUNT OF TENANT WITHIN THE PREMISES OR PROJECT; (3) CLAIMS ARISING FROM ANY BREACH OR DEFAULT ON THE PART OF TENANT IN THE PERFORMANCE OF ANY COVENANT CONTAINED IN THIS LEASE; AND (4) CLAIMS ARISING FROM THE NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS OF TENANT OR TENANT'S PARTIES. THE FOREGOING INDEMNITY BY TENANT SHALL NOT BE APPLICABLE TO CLAIMS TO THE EXTENT ARISING FROM THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE

EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

D. BOTH LANDLORD AND TENANT MAY CARRY THE INSURANCE REQUIRED TO BE CARRIED BY EACH PARTY HEREUNDER UNDER A BLANKET POLICY OF INSURANCE THAT COVERS OTHER LOCATIONS WHERE THE PARTY AND ITS AFFILIATES CONDUCT BUSINESS, PROVIDED THAT SUCH BLANKET POLICY SHALL BE ENDORSED TO SPECIFICALLY COVER THE PREMISES AND SHALL PROVIDE THE SAME AMOUNT AND TYPES OF COVERAGE FOR THE PREMISES AND TENANT'S ACTIVITIES IN THE BUILDING THAT WOULD BE PROVIDED BY A SEPARATE POLICY MEETING THE REQUIREMENTS OF THIS PARAGRAPH 8B.

WAIVER OF
SUBROGATION

9. To the extent permitted by law and without affecting the coverage provided by insurance required to be maintained hereunder, Landlord and Tenant each waive any right to recover against the other (a) damages for injury to or death of persons, (b) damages to property, (c) damages to the Premises or any part thereof, or (d) claims arising by reason of the foregoing. This provision is intended to waive fully, and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation on any insurance carrier. The coverage obtained by each party pursuant to this Lease shall include, without limitation, a waiver of subrogation by the carrier which conforms to the revisions of this paragraph.

LANDLORD'S
REPAIRS AND
SERVICES

10. Landlord shall at Landlord's expense maintain the structural soundness of the roof, foundations and exterior walls of the Building in good repair, reasonable wear and tear excepted. The term "walls" as used herein shall not include windows, glass or plate glass, doors, special store fronts or office entries. The term "roof" as used herein shall not include skylights, smoke hatches or roof vents. Landlord shall perform on behalf of Tenant and other tenants of the Project the maintenance of the public and common areas of the Project including, but not limited to, the landscaped areas, parking areas, driveways, the truck staging areas, fire sprinkler systems, sanitary and storm sewer lines, utility services, electric and telephone equipment servicing the Building(s), exterior lighting, and anything which affects the operation and exterior appearance of the Project, which determination shall be at Landlord's sole discretion. Tenant shall reimburse Landlord for all such costs in accordance with Paragraph 7. Any damage caused by or repairs necessitated by any act of Tenant may be repaired by Landlord at Landlord's option and at Tenant's expense. Tenant shall immediately give Landlord written notice of any defect or need of repairs after which Landlord shall have reasonable opportunity to repair same. Landlord's liability with respect to any defects, repairs, or maintenance for which Landlord is responsible under any of the provisions of this Lease shall be limited to the cost of such repairs or maintenance.

TENANT'S
REPAIRS

11. Tenant shall, at Tenant's expense, maintain all parts of the Premises in a good clean and secure condition promptly making all necessary repairs and replacements including, but not limited to, all windows, glass, doors and any special office entries, walls and wall finishes, floor covering, heating, ventilating and air conditioning systems, truck doors, dock bumpers, dock plates and levelers, roofing, plumbing work and fixtures, down spouts, skylights, smoke hatches and roof vents. Tenant shall at Tenant's expense also perform necessary pest extermination and regular removal of trash and debris. Tenant shall, at its own expense, enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor for servicing all hot water, heating and air conditioning systems and equipment within or serving the Premises. The maintenance contractor and the contract must be approved by Landlord. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual, including maintaining the system and ducts in a weatherproof condition, and must become effective and a copy thereof delivered to Landlord within thirty (30) days of the Term Commencement Date. Tenant shall not damage any demising wall or disturb the integrity and support provided by any demising wall and shall, at its sole expense, immediately repair any damage to any demising wall caused by Tenant or its employees, agents or invitees.

ALTERATIONS

12. Tenant shall not make, or allow to be made, any alterations or physical additions in, about or to the Premises without

obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld with respect to proposed alterations and additions which (a) comply with all applicable laws, ordinances, rules and regulations, (b) are in Landlord's opinion compatible with the Project and its mechanical, plumbing, electrical, and heating/ventilation/air conditioning

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systems, and (c) in Landlord's opinion will not interfere with the use and occupancy of any other portion of the Building or Project by any other tenant or its invitees. NONSTRUCTURAL ALTERATIONS TOTTALLING UNDER \$10,000 PER YEAR REQUIRE WRITTEN NOTIFICATION TO LANDLORD, BUT NOT LANDLORD APPROVAL, SUBJECT TO REMOVAL UPON TERMINATION AS OUTLINED IN THIS PARAGRAPH 12. Specifically, but without limiting the generality of the foregoing, Landlord shall have the right of consent for all plans and specifications for the proposed alterations or additions, construction means and methods, any contractor or subcontractor to be employed on the work of alterations or additions, and the time for performance of such work. Tenant shall also supply to Landlord any documents and information reasonably requested by Landlord in connection with its consideration of a request for approval hereunder. Tenant must have Landlord's written approval and all appropriate permits and licenses prior to the commencement of said alterations and additions. All alterations and additions permitted hereunder shall be made and performed by Tenant without cost or expense to Landlord including any REASONABLE costs or expenses which Landlord may incur in electing to have an outside agency review said plans and specifications. Landlord shall have the right to require Tenant to remove any or all alterations, additions, improvements and partitions made by Tenant and restore the Premises to their original condition by the termination of this Lease, by lapse of time or otherwise, all at Tenant's expense. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to cause any damage to the Premises or Project whatsoever. If Landlord so elects, such alterations, physical additions or improvements shall become the property of Landlord and surrendered to Landlord upon the termination of this Lease by lapse of time or otherwise; provided, however, that this clause shall not apply to trade fixtures or furniture owned by Tenant. In addition to and wholly apart from its obligation to pay Tenant's Proportionate Share of Basic Operating Costs, Tenant shall be responsible for and shall pay prior to delinquency any taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its personal property, on the value of its alterations, additions or improvements and on its interest pursuant to this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

SIGNS

13. All signs, notices and graphics of every kind or character, visible in or from public view or corridors, the common areas or the exterior of the Premises, shall be subject to Landlord's prior written approval, which Landlord shall have the right to withhold in its absolute and sole discretion. Tenant shall not place or maintain any banners whatsoever or any window decor in or on any exterior window or window fronting upon any common areas or service area or upon any truck doors or man doors without Landlord's prior written approval which Landlord shall have the right to grant or withhold in its absolute and sole discretion. Any installation of signs or graphics on or about the Premises and Project shall be subject to any applicable governmental laws, ordinances, regulations and to any other requirements imposed by Landlord. Tenant shall remove all such signs and graphics by the termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury to or defacement of the Premises, Building or Project and any other improvements contained therein, and Tenant shall repair any injury or defacement including, without limitation, discoloration caused by such installation or removal.

INSPECTION/
POSTING
NOTICES

14. After reasonable notice, except in emergencies where no such notice shall be required, Landlord, its agents and representatives, shall have the right to enter the Premises to

inspect the same, to clean, to perform such work as may be permitted or required hereunder, to make repairs or alterations to the Premises or Project or to other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to exhibit the Premises to prospective tenants, purchasers, encumbrances or others, or for any other purpose as Landlord may deem necessary or desirable; provided, however, that Landlord shall not unreasonably interfere with Tenant's business operations. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry. Six months prior to the end of the Lease, Landlord shall have the right to erect on the Premises and/or Project a suitable sign indicating that the Premises are available for lease. Tenant shall give written notice to Landlord at least thirty (30) days prior to vacating the premises and shall meet with Landlord for a joint inspection of the Premises at the time of vacating. In the event of Tenant's failure to give such notice or participate in such joint inspection, Landlord's inspection at or after Tenant's vacating the Premises shall conclusively be deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

UTILITIES

15. Tenant shall pay for all water, gas, heat, air conditioning, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or from the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto, and maintenance charges for utilities and shall furnish all electric light bulbs, ballasts and tubes. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion, as determined by Landlord, of all charges jointly serving other premises. Landlord shall not be liable for any damages directly or indirectly resulting from nor shall the Rent or any monies owed Landlord under this Lease herein reserved be abated by reason of (a) the installation, use or interruption of use of any equipment used in connection with the furnishing of any of the foregoing utilities and services, (b) failure to furnish or delay in furnishing any such utilities or services when such failure or delay is caused by acts of God or the elements, labor disturbances of any character, any other accidents or other conditions beyond the reasonable control of Landlord, or (c) the limitation, curtailment, rationing or restriction on use of water, electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or Project. Landlord shall be entitled to cooperate voluntarily and in a reasonable manner in the efforts of national, state or local governmental agencies or utility suppliers in reducing energy or other resource consumption. The obligation to

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make services available hereunder shall be subject to the limitations of any such voluntary, reasonable program. SHOULD AN INTERRUPTION OF SERVICES OR UTILITIES THAT HAS BEEN CAUSED BY LANDLORD'S NEGLIGENCE OR WILLFUL MISCONDUCT RENDER THE PREMISES UNFIT FOR A PERIOD LONGER THAN FORTY EIGHT (48) HOURS, LANDLORD WILL ABATE BASE RENT FOR EACH 24 HOUR PERIOD THEREAFTER UNTIL PREMISES CAN, IN LANDLORD'S OPINION, BE OCCUPIED AGAIN, REDUCED BY TENANT'S PROCEEDS FROM ANY BUSINESS INTERRUPTION OR OTHER INSURANCE.

SUBORDINATION 16.

TENANT SHALL, UPON LANDLORD'S REQUEST, SUBORDINATE THIS LEASE TO ANY FIRST LIEN OR GROUND LEASE HEREAFTER PLACED BY LANDLORD UPON TIRE PREMISES, PROVIDED THE LENDER OR GROUND LESSOR EXECUTED A NON-DISTURBANCE AGREEMENT ASSURING TENANT THAT, NOTWITHSTANDING ANY DEFAULT BY LANDLORD TO THE LENDER OR GROUND LESSOR, OR ANY FORECLOSURE OR DEED IN LIEU THEREOF OR ANY TERMINATION OF THE GROUND LEASE, TENANT'S RIGHTS UNDER THIS LEASE SHALL CONTINUE IN FULL FORCE AND EFFECT AND ITS POSSESSION OF THE DEMISED PREMISES SHALL REMAIN UNDISTURBED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THIS LEASE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO TENANT AND ITS COUNSEL.

FINANCIAL STATEMENTS

17. At the request of Landlord, Tenant shall provide to Landlord its current financial statements or other information discussing financial worth which Landlord shall use solely for

purposes of this Lease and in connection with the ownership, management and disposition of the property subject hereto.

ESTOPPEL

CERTIFICATES 18. Tenant agrees from time to time within ten (10) days after request of Landlord, to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which Rent has been paid, the unexpired portion of this Lease and such other matters pertaining to this Lease as may be reasonably requested by Landlord. Failure by Tenant to execute and deliver such certificate shall constitute an acceptance of the Premises and acknowledgment by Tenant that the statements included are true and correct without exception. Landlord and Tenant intend that any statement delivered pursuant to this paragraph may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the Project or any interest therein. The parties agree that Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of the Lease.

SECURITY
DEPOSIT

19. Tenant agrees to deposit with Landlord upon execution of this Lease, a Security Deposit as stated in the Basic Lease Information which sum shall be held by Landlord, without obligation for interest, as security for the performance of Tenant's covenants and obligations under this Lease, it being expressly understood and agreed that such deposit is not an advance rental deposit or a measure of damages incurred by Landlord in case of Tenant's default. Upon the occurrence of any event of default by Tenant, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, use such fund to the extent necessary to make good any arrears of Rent or other payments due to Landlord hereunder, and any other damage, injury, expense or liability caused by such event of default, and Tenant shall pay to Landlord, on demand, the amount so applied in order to restore the Security Deposit to its original amount. Although the Security Deposit shall be deemed the property of Landlord, any remaining balance of such deposit shall be returned by Landlord to Tenant at such time after termination of this Lease that all of the Tenant's obligations under this Lease have been fulfilled.

TENANT'S
REMEDIES

20. Tenant shall look solely to Landlord's interest in the Project for recovery of any judgment from Landlord. Landlord, or if Landlord is a partnership, its partners whether general or limited, or if it is a corporation, its directors, officers or shareholders, shall never be personally liable for any such judgment. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage or deed of trust on the Project.

ASSIGNMENT
AND
SUBLETTING

21. A. Tenant shall not assign or sublet the Premises or any part thereof without Landlord's prior written approval, except as provided herein. If Tenant desires to assign this Lease or sublet any or all of the Premises, AND PROVIDED TENANT IS NOT AND HAS NOT BEEN IN MATERIAL DEFAULT DURING THE TERM OF THIS LEASE, FOR WHICH TENANT HAS RECEIVED WRITTEN NOTICE OF THE DEFAULT AND TENANT HAS FAILED TO CURE AS PROVIDED IN THIS LEASE, Tenant shall give Landlord written notice SIXTY (60) days prior to the anticipated effective date of the assignment or sublease. Landlord shall then have a period of FIFTEEN (15) days following receipt of such notice to notify Tenant in writing that Landlord elects to permit Tenant to assign this Lease or sublet such space, subject, however, to Landlord's prior written approval of the proposed assignee or subtenant and of any related documents or agreements associated with the assignment or sublease, such consent not to be unreasonably withheld so long as the use of the Premises by such proposed assignee or subtenant would be a Permitted Use and would not in Landlord's opinion MATERIALLY increase occupant density of the Project, the proposed assignee or subtenant is of sound financial condition. Written approval by Landlord of the proposed assignee or subtenant shall be required. Failure by Landlord to approve a proposed assignee or subtenant shall not cause a termination of this Lease. LANDLORD SHALL APPROVE, DISAPPROVE AS DEFINED ABOVE WITHIN FORTY-FIVE (45) DAYS OF RECEIPT OF TENANT'S FIRST NOTICE OF DESIRE TO ASSIGN OR

SUBLEASE.

B. Any Rent or other consideration realized by Tenant under any such sublease or assignment in excess of the Rent payable hereunder, after amortization of (1) the reasonable cost of any improvements which Tenant has made for the purpose of assigning or subletting all or part of the Premises and (2) reasonable subletting and assignment costs, shall be divided and paid, ten percent (10%) to Tenant, ninety percent (90%) to Landlord.

C. In any subletting or assignment undertaken by Tenant, Tenant shall diligently seek to obtain the maximum rental amount available in the marketplace for such subletting or assignment.

D. If Tenant is a corporation, a transfer of corporate shares by sale, assignment, bequest, inheritance, operation of law or other disposition (including such a transfer to or by a receiver or trustee in federal or state bankruptcy, insolvency or other proceedings), so as to result in a change in the present control of such corporation or any of its parent corporations by the person or persons owning a majority of said corporate shares, shall constitute an assignment for purposes of this paragraph.

E. If Tenant is a partnership, joint venture or other unincorporated business form, a transfer of the interest of persons, firms or entities responsible for managerial control of Tenant by sale, assignment, bequest, inheritance, or operation of law or other disposition, so as to result in a change in the present control of said entity and/or a change in the identity of the persons responsible for the general credit obligations of said entity shall constitute an assignment for all purposes of this paragraph.

F. No assignment or subletting by Tenant shall relieve Tenant of any obligations under this Lease. Any assignment or subletting which conflicts with the provisions hereof shall be void.

G. ANY PROVISION IN THIS LEASE TO THE CONTRARY NOTWITHSTANDING, LANDLORD'S CONSENT SHALL NOT BE REQUIRED FOR A TRANSFER: (a) TO ANY PERSON OR ENTITY WHO CONTROLS, IS CONTROLLED BY OR IS UNDER COMMON CONTROL WITH TENANT; (b) TO ANY CORPORATION RESULTING FROM THE MERGER OR CONSOLIDATION WITH TENANT (PROVIDED THAT TENANT'S ABILITY TO PERFORM ALL OF ITS OBLIGATIONS UNDER THIS LEASE ARE IN NO WAY REDUCED, AND THE OCCUPANCY DENSITY OF THE PREMISES IS NOT MATERIALLY INCREASED, AS A RESULT OF SUCH MERGER OR CONSOLIDATION); OR (c) TO ANY PERSON OR LEGAL ENTITY HAVING A CONSOLIDATED NET WORTH WITH TENANT OF AT LEAST \$30,000,000, WHICH ACQUIRES ALL THE ASSETS OF TENANT AS A GOING CONCERN OF THE BUSINESS BEING CONDUCTED ON THE PREMISES (EACH OF THE FOREGOING IS HEREINAFTER REFERRED TO AS A "TENANT AFFILIATE"); PROVIDED THAT BEFORE SUCH ASSIGNMENT SHALL BE EFFECTIVE, (a) SAID TENANT AFFILIATE SHALL ASSUME, IN FULL, THE OBLIGATIONS OF TENANT UNDER THIS LEASE, (b) LANDLORD SHALL BE GIVEN WRITTEN NOTICE OF SUCH ASSIGNMENT AND ASSUMPTION AND (c) THE USE OF THE PREMISES BY THE TENANT AFFILIATE SHALL BE AS SET FORTH IN PARAGRAPH 4. FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM "CONTROL" MEANS POSSESSION, DIRECTLY OR INDIRECTLY, OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT, AFFAIRS AND POLICIES OF ANYONE, WHETHER THROUGH THE OWNERSHIP OF VOTING SECURITIES, BY CONTRACT OR OTHERWISE.

QUIET
ENJOYMENT

22. Landlord represents that it has full right and authority to enter into this Lease and that Tenant, upon paying the Rent and performing its other covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Premises for the Term hereof without hindrance or molestation from Landlord, subject to the terms and provisions of this Lease.

CONDEMNATION

23. A. If the whole, or any substantial portion of the Project of which the Premises are a part, should be taken or condemned for any public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the Permitted Use of the Premises, this Lease shall terminate and the Rent shall be abated during the unexpired portion of this lease, effective when the physical taking of said Premises shall have occurred.

B. If a portion of the Project of which the Premises are a part should be taken or condemned for any public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated as provided in subparagraph 23.A. above, this Lease shall not terminate, but the Rent payable hereunder during the unexpired portion of the Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances.

C. Landlord shall be entitled to any and all payment, income, rent, award, or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired portion of this Lease. Notwithstanding the foregoing paragraph, any compensation specifically awarded Tenant for loss of business, Tenant's personal property, moving cost or loss of goodwill, shall be and remain the property of Tenant.

CASUALTY
DAMAGE

24. A. If the Premises should be damaged or destroyed by fire, tornado or other casualty, Tenant shall give immediate written notice thereof to Landlord. Within thirty (30) days of such notice, Landlord shall notify Tenant whether in Landlord's opinion such repairs can be made either (1) within ninety (90) days, (2) in more than ninety (90) days, but in less than one hundred eighty (180) days, or (3) in more than one hundred eighty (180) days from the date of such notice; Landlord's determination shall be binding on Tenant.

B. If the Premises should be damaged by fire, tornado or other casualty but only to such extent that rebuilding or repairs can in Landlord's estimation be completed within ninety (90) days after the date upon which Landlord is notified by Tenant of such damage, this Lease shall not terminate, and Landlord shall at its sole cost and expense thereupon proceed with reasonable diligence to rebuild and repair the Premises to substantially the condition in which they existed prior to such damage, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements which may have been placed in, on or about the Premises by Tenant. If the Premises are untenable in whole or in part following such damage, the Rent payable hereunder during the period in which they are untenable shall be reduced to such extent as may be fair and reasonable under all of the circumstances.

C. If the Premises should be damaged by fire, tornado or other casualty, but only to such extent that rebuilding or repairs can in Landlord's estimation be completed in more than ninety (90) days but in less than one hundred eighty (180) days, then Landlord shall have the option of either (1) terminating the Lease effective upon the date of the occurrence of such damage, in which event the Rent shall be abated during the unexpired portion of the Lease, or (2) electing to rebuild or repair the Premises to substantially the condition in which they existed prior to such damage except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements which may have been placed in, on or about the Premises by Tenant. If the Premises are untenable in whole or in part following such damage, the Rent payable hereunder during the period in which they are untenable shall be reduced to such extent as may be fair and reasonable under all of the circumstances. In the event that Landlord should fail to complete such repairs and rebuilding within one hundred eighty (180) days after the date upon which Landlord is notified by Tenant of such damage, such period of time to be extended for delays caused by the fault or neglect of Tenant or because of acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or fuels, or delay of the contractors or subcontractors due to such causes or other contingencies beyond the reasonable control of Landlord, Tenant may at its option terminate this Lease by delivering thirty (30) days prior written notice of termination to Landlord as Tenant's exclusive remedy, whereupon all rights and obligations hereunder shall cease and terminate.

D. If the Premises should be so damaged by fire, tornado,

or other casualty that rebuilding or repairs cannot in Landlord's estimation be completed within one hundred eighty (180) days after the date upon which Landlord is notified by Tenant of such damage, this Lease shall terminate and the Rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.

E. Notwithstanding anything herein to the contrary, in the event that holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

F. The provision of Section 1942, Subdivision 2, and Section 1933, Subdivision 4, of the Civil Code of California is superseded by the foregoing.

HOLDING OVER 25. IF IN LANDLORD'S OPINION ACTIVE NEGOTIATION OF A RENEWAL IS NOT UNDERWAY AND PROGRESSING, AND IF Tenant retains possession of the Premises or any portion thereof without Landlord's consent following the expiration of the Lease or sooner termination for any reason, then Tenant shall pay to Landlord for each day of such retention ONE AND A HALF TIMES the amount of the daily rental for the first month prior to the date of expiration or termination. IN THE EVENT OF A RENEWAL OF THE LEASE, SAID HOLD OVER MONIES WILL BE APPLIED TO THE RENEWAL PERIOD AT THE RENEWAL RATE. Tenant shall also indemnify and hold Landlord harmless from any loss or liability resulting from delay by Tenant in

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surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. Acceptance of Rent by Landlord following expiration or termination shall not constitute a renewal of this Lease, and nothing contained in this paragraph shall waive Landlord's right of reentry or any other right. Tenant shall be only a tenant at sufferance, whether or not Landlord accepts any Rent from Tenant while Tenant is holding over without Landlord's written consent. Additionally, in the event that upon termination of the Lease, Tenant has not fulfilled its obligation with respect to repairs and cleanup of the Premises or any other Tenant obligations as set forth in this Lease, then Landlord shall have the right to perform any such obligations as it deems necessary at Tenant's sole cost and expense, and the terms of this paragraph shall apply.

DEFAULT 26. A. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an event of default on the part of Tenant:

(2) NONPAYMENT OF RENT. Failure to pay any installment of Rent or any other amount due and payable hereunder upon the date when said payment is due, such failure continuing without cure by payment of the delinquent Rent and late charge or other obligations for a period of five (5) days after written notice and demand; provided, however, that except as expressly otherwise provided herein, Landlord shall not be required to provide such notice more than twice during the Term, the third such non-payment constituting default for all purposes hereof without requirements of notice.

(3) OTHER OBLIGATIONS. Failure to perform any obligations, agreement or covenant under this Lease other than those matters specified in subparagraphs (1) and (2) of this subparagraph 26A, such failure continuing for fifteen (15) days after written notice of such failure, or such longer period as Landlord determines to be necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured.

(4) GENERAL ASSIGNMENT. A general assignment by Tenant for the benefit of creditors.

(5) BANKRUPTCY. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. In the event that under applicable law, the trustee in bankruptcy or

Tenant has the right to affirm this Lease and continue to perform the obligation of Tenant hereunder, such trustee or Tenant shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant hereunder outstanding as of the date of the reaffirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease.

(6) RECEIVERSHIP. The employment of a receiver to take possession of substantially all of Tenant's assets of the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) days after the levy thereof.

(7) ATTACHMENT. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets of the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) days after the levy thereof.

B. REMEDIES UPON DEFAULT.

(1) RENT. All failures to pay any monetary obligation to be paid by Tenant under this Lease shall be construed as obligations for payment of Rent.

(2) TERMINATION. In the event of the occurrence of any event of default, Landlord shall have the right, with or without notice or demand, to immediately terminate this Lease, and at any time thereafter recover possession of the Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again repossess and enjoy the Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by reason of Tenant's default or of such termination.

(3) CONTINUATION AFTER DEFAULT. Even though Tenant has breached this Lease and/or abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under Paragraph 26.B.(2) hereof, and Landlord may enforce all its rights and remedies under this Lease, including, but without limitation, the right to recover Rent as it becomes due, and Landlord, without terminating this Lease, may exercise all of the rights and remedies of a Landlord under Section 1951.4 of the Civil Code of the State of California or any successor code section. Acts of maintenance preservation or efforts to lease the Premises or the appointment of a receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession.

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C. DAMAGES UPON TERMINATION. Should Landlord terminate this Lease pursuant to the provisions of Paragraph 26.B.(2) hereof, Landlord shall have all the rights and remedies of a Landlord provided by Section 1951.2 of the Civil Code of the State of California, or successor code sections. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law, Landlord shall be entitled to recover from Tenant: (1) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination, (2) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that the Tenant proves could have been reasonably avoided, (3) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided, and (4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in (1) and (2) above shall be computed with interest at the maximum rate allowed by law. The "worth at the time of award" of the amount referred to in (3) above shall be computed by discounting such amount at the Federal Discount Rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).

D. LATE CHARGE. In addition to its other remedies, Landlord shall have the right without notice or demand to add to the amount of any payment required to be made by Tenant hereunder, and which is not paid on or before the date the same is due, an amount equal to ten percent (10%) of the delinquency for each month or portion thereof that the delinquency remains outstanding to compensate Landlord for the loss of the use of the amount not paid and the administrative costs caused by the delinquency, the parties agreeing that Landlord's damage by virtue of such delinquencies would be difficult to compute and the amount stated herein represents a reasonable estimate thereof.

E. REMEDIES CUMULATIVE. All rights, privileges and elections or remedies of the parties are cumulative and not alternative to the extent permitted by law and except as otherwise provided herein.

LIENS

27. Tenant shall keep the premises free from liens arising out of or related to work performed, materials or supplies furnished or obligations incurred by Tenant or in connection with work made, suffered or done by Tenant in or on the Premises or Project. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord on behalf of Tenant and all expenses incurred by Landlord in connection therefore shall be payable to Landlord by Tenant on demand with interest at the maximum rate allowable by law. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord, the Premises, the Project and any other party having an interest herein, from mechanics' and materialmen's liens, and Tenant shall give Landlord not less than ten (10) business days prior written notice of the commencement of any work in the Premises or Project which could lawfully give rise to a claim for mechanics' or materialmen's lien.

TRANSFERS BY
LANDLORD

29. In the event of a sale or conveyance by Landlord of the Project, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, express or implied, herein contained in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interests of Landlord in and to this Lease. This Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee.

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RIGHT OF
LANDLORD TO
PERFORM
TENANT'S
COVENANTS

30. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant, at Tenant's sole cost and expense, and without any abatement of Rent. If Tenant shall fail to pay any sum of money other than Rent, required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) days after notice thereof by Landlord, Landlord may, but shall not be obligated to do so, and without waiving or releasing Tenant from any obligations of the Tenant, make any such payment or perform any such act on the Tenant's part to be made or performed. All sums so paid by Landlord and all necessary incidental costs together with interest thereon at the maximum rate permitted by law from the date of such payment by the Landlord shall be payable to Landlord on demand, and Tenant covenants to pay such sums, and Landlord shall have, in addition to any other right or remedy of Landlord, the same right and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

WAIVER

31. If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such

waiver shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The acceptance of rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepted such Rent. Failure by Landlord to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or to decrease the right of Landlord to insist thereafter upon strict performance by Tenant. Waiver of Landlord of any term, covenant or condition contained in this Lease may only be made by a written document signed by Landlord.

NOTICES

32. Each provision of this Lease or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivery of any notice or the making of any payment by Landlord or Tenant to the other shall be deemed to be complied with when and if the following steps are taken:

A. All Rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address set forth in the Basic Lease Information, or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith. Tenant's obligation to pay Rent and any other amounts to Landlord under the terms of this Lease shall not be deemed satisfied until such Rent and other amounts have been actually received by Landlord.

B. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, postage prepaid, or express mail or confirmed facsimile and addressed to the party to be notified at the address for such party specified in the Basic Lease Information or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party. Tenant appoints as its agent to receive the service of all default notices and notice of commencement of unlawful detainer proceedings the persons named in the Basic Lease Information in addition to the person in charge of or apparently in charge of or occupying the Premises at the time, and, if there is no such person, then such service may be made by mailing to the persons named in the Basic Lease Information and attaching the same on the main entrance of the Premises.

ATTORNEYS'
FEES

33. In the event either party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due, or to become due hereunder, or recovery of the possession of the Premises in the hands of an attorney or files suit upon the same, the prevailing party shall recover its reasonable attorneys' fees and court costs.

SUCCESSORS
AND ASSIGNS

34. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment may be approved by Landlord hereunder, Tenant's assigns.

FORCE MAJEURE

35. Whenever a period of time is herein prescribed for action to be taken by Landlord, Landlord shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strike, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which are beyond the control of Landlord.

MISCELLANEOUS

36. A. The term "Tenant" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof.

B. Time is of the essence regarding this Lease and all of its provisions.

C. This Lease shall in all respects be governed by the laws

of the State of California.

D. This Lease, together with its exhibits, contains all the agreements of the parties hereto and supersedes any previous negotiations.

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E. There have been no representations made by the Landlord or understandings made between the parties other than those set forth in this Lease and its exhibits.

F. This Lease may not be modified except by a written instrument by the parties hereto.

G. If, for any reason whatsoever, any of the provisions hereof shall be unenforceable or ineffective, all of the other provisions shall be and remain in full force and effect.

ONE TIME RIGHT

TO CANCEL

37. Tenant shall be granted a one time right to cancel this Lease, provided that Tenant is not, and has not been, in material default throughout this Lease, for which Tenant has received written notice of the default and Tenant has failed to cure as provided in this Lease. Termination will occur on the first day of the thirty-seventh (37th) month only if activated by Tenant giving Landlord at least one hundred eighty (180) days prior written notice of its intent together with a payment of all unamortized costs incurred by Landlord for the tenant improvements outlined in Exhibit C and Exhibit C-1 attached hereto, including permits and space planning costs and using straight line amortization, plus three months rent equivalent to the 37th, 38th and 39th months base rent plus operating expenses ("Cancellation Fee"). Nonpayment of the 37th month base rent equivalent from the Cancellation Fee at time of said notice, lack of written notification per the above outlined schedule, or any material event of default whatsoever during the term of this Lease for which Tenant has received written notice of the default and Tenant has failed to cure as provided in this Lease renders this paragraph null and void. The balance of the Cancellation Fee (the unamortized construction costs plus the 38th and 39th month base rent equivalent plus the operating costs for the 37th through the 39th month) shall be due on the effective date of termination.

38. LEASE EFFECTIVE DATE. Submission of this instrument for examination or signature by Tenant does not constitute a reservation or option for lease, and it is not effective as a lease or otherwise until execution by Landlord and Tenant.

IN WITNESS WHEREOF, the parties hereto have executed this Lease according to the dates listed below.

"Landlord"

SPIEKER PROPERTIES, L. P.,
a California limited partnership

BY: SPIEKER PROPERTIES, INC.
a Maryland Corporation
Its: General Partner

By: /s/ RICHARD L. ROMNEY

Richard L. Romney
Senior Vice President

Date: 7/14/97

"Tenant"

INTUIT INC.,
a Delaware corporation

BY: /s/ DAVID A. KINSER

David A. Kinser
Its: Senior Vice President,
Operations

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EXHIBIT "A"
PROJECT AND BUILDING
Not to scale
West Building-5950 Nancy Ridge Drive
East Building-6060 Nancy Ridge Drive

[FLOOR PLAN]

SITE PLAN BUILDING 2 & 3 (LOTS 102 & 103)

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EXHIBIT "B"
PREMISES

Floor plan of the subject Premises located at 6060 Nancy Ridge Drive, Suite B,
San Diego, California

Not to scale

[FLOOR PLAN]

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EXHIBIT "C"
TENANT IMPROVEMENTS AND SPECIFICATIONS

Landlord will contribute Three hundred and three thousand dollars (\$303,000) ("Landlord's Contribution") toward mutually acceptable tenant improvements detailed as follows. Tenant is required to pay prior to occupancy, any costs for Tenant's work which exceeds the total of Landlord's Contribution. Landlord will cause to be constructed approximately 9,200 rentable square feet of improved office area per the attached Exhibit C-1 to include a reception, conference room, 3 private offices, 2 large open office areas, duplication room, mail room, computer/printing room storage, lunch room, AL room, storage and two (2) large rest rooms. AS A MATERIAL INDUCEMENT TO LANDLORD'S CONTRIBUTION TOWARDS TENANT IMPROVEMENT COSTS, TENANT HEREBY AGREES TO REMOVE, AT TENANT'S SOLE COST UPON TERMINATION OR OTHER SUCH END TO THIS LEASE, OFFICE AREA IMPROVEMENTS OF LANDLORD'S CHOICE IN EXCESS OF 10% OF THE PREMISES RENTABLE AREA. IN THIS CASE OFFICE AREA OVER 6,000 SQUARE FEET IS SUBJECT TO REMOVAL AT TENANT'S COST AND AT LANDLORD'S OPTION.

The OFFICE AREA WILL HAVE THE FOLLOWING FINISH:

- heating, ventilation and air-conditioning throughout
- acoustical tile ceiling with batt insulation above
- fire sprinklers
- recessed fluorescent lighting (standard office footcandle)
- painted walls with building standard paint (insulation in all perimeter and restroom walls)
- carpet, VCT or vinyl in all office areas (\$12.50/sq.yd. building standard allowance; color selection by Tenant)
- convenience electrical-120 volt power per code requirements, up to two (2) dedicated circuits and telephone outlets, mud ring only for phones
- solid core wood doors and metal door frames

- 2 rest rooms each to contain one sink and one water closet

THE WAREHOUSE WILL BE IMPROVED AS FOLLOWS:

- full height demising wall separating adjacent tenant
- Metal Halide HID lighting (20-25 footcandles)
- electrical service with transformer to step down from 480 (not to exceed 200 amps of 120/280V power)
- sealed concrete floor
- single coat white paint on walls
- separate gas and electric meters
- ESFR sprinklers provided in warehouse-stacking of materials and all racking systems are the sole responsibility of Tenant and must be in conformance to ESFR type sprinklers and City of San Diego guidelines
- Eight (8) hydraulic Rite Hite dock levelers without dock locks, at locations determined by Tenant, cost not to exceed \$5,400 per unit.

Any additions or modifications to the improvements must be approved in writing by Landlord. Any increase in cost, including the cost of design, as a result of such addition or modification shall be acknowledged by Tenant in writing and paid to Landlord within 30 days of occupancy. Any delay in construction caused by these changes which extends the completion of the improvements shall not alter the Commencement Date of the Lease.

Landlord appoints Landlord's Representative to act for Landlord and Tenant appoints Tenant's Representative to act for Tenant in all matters covered by this Work Letter. All inquires, requests, instructions, authorizations, and other communications with respect the matters covered by this Work Letter will be made to Landlord's Representative or Tenant's Representative, as the case may be. Tenant will not make any inquires of or requests to, and will not give any instructions or authorizations to, any other employee or agent of Landlord, including Landlord's architect, engineers, or contractors or any of their agents or employees, with regard to matters covered by this Work Letter. Either party may change its Representative under this Work Letter at any time with three (3) days' prior written notice to the other party.

Tenant's Representative: Steve Crossley
Landlord's Representative: Tina Ravizza
Space Planner: Sean Tracy-Pacific Cornerstone Architects
Contractor: R. G. Petty Contracting

TENANT'S TAKING POSSESSION OF THE PREMISES AND ACCEPTANCE OF THE PREMISES SHALL NOT CONSTITUTE A WAIVER OF ANY WARRANTY OR OF ANY DEFECT IN REGARD TO WORKMANSHIP OR MATERIAL OF THE BUILDING AND OTHER IMPROVEMENTS THAT ARE PART OF THE PREMISES ("CONSTRUCTION DEFECT"). IF LANDLORD DOES NOT ASSIGN ANY AND ALL WARRANTIES FOR THE EQUIPMENT ACRD CONSTRUCTION, TENANT SHALL HAVE SIX (6) MONTHS OR THE ACTUAL APPLICABLE WARRANTY PERIOD AFTER IT ERAS TAKEN POSSESSION OF THE PREMISES WITHIN WHICH TO NOTIFY LANDLORD OF ANY CONSTRUCTION DEFECT EXCEPT FOR LATENT DEFECTS. LANDLORD SHALL HAVE A COMMERCIALY REASONABLE TIME FRAME TO CORRECT OR REMEDY ANY CONSTRUCTION DEFECT.

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EXHIBIT "C-1"
TENANT IMPROVEMENTS AND SPECIFICATIONS
OFFICE AREA ONLY

FLOOR PLAN FOR: INTUIT 60585 S.F.

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EXHIBIT "D"
SIGNAGE CRITERIA

Uniform signage subject to Landlord's approval is allowed above Tenant's suite entrance. Monument signage is being considered for the project, and if

approved, Tenant will be offered a portion of the monument sign allocated for Tenant signage.

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EXHIBIT "E"
SUMMARY OF COMPREHENSIVE LAND USE PLAN ("CLUP")

Tenant hereby acknowledges it has been made aware of a comprehensive land use plan created and administered by San Diego Association of Governments ("SANDAG") adopted in October 1990 and amended in 1992, which is subject to further amendment, attached in summary form below. This is provided for informational purposes only. Further detail regarding the CLUP is available from SANDAG.

CLUP
Comprehensive Land Use Plan
1990
[PHOTOGRAPH OF JET FIGHTER PLANE]

Naval Air Station Miramar
San Diego, California

AIRPORT NOISE/LAND USE COMPATIBILITY MATRIX
IMPLEMENTATION DIRECTIVES

All the uses specified are "compatible" up to the noise level indicated. Specified uses are also allowed as "conditionally compatible" in the noise levels shown if two specific conditions are met and certified by the local general purpose agency:

- - Proposed buildings will be noise attenuated to the level shown on the matrix based on an acoustical study submitted along with building plans.
- - In the case of discretionary actions, such as approval of subdivisions, zoning changes, or conditional use permits, an aviation easement for noise shall be required to be recorded with the County Recorder as a condition of approval of the project. A copy shall also be filed with the affected airport operator. For all property transactions, appropriate legal notice shall be given to all purchasers, lessees and renters of property in "conditionally compatible" areas which clearly describes the potential for impacts from airplane noise associated with airport operations. Notice will also be provided as required on the State Real Estate Disclosure form.

Identified uses proposed in noisier areas than the level indicated on the matrix are considered "incompatible."

The directives below relate to the specific "conditionally compatible" land use categories identified by number on the matrix.

3. New schools, preschools and libraries located within the CNEL 60-65 contours must be subjected to an acoustical study to assure that interior levels will not exceed CNEL 45.
4. New residential and related uses located within the CNEL 60-65 contours must be subjected to an acoustical study to assure that interior levels will not exceed CNEL 45. Appropriate legal notice shall be provided to purchasers, lessees, and renters of properties in this conditionally compatible zone in the manner previously described.

"Residential hotels" are defined as those that have 75% or more of accommodations occupied by permanent guests (staying more than 30 days) or those hotels which have at least 50 percent of their accommodations containing kitchens.

5. Transient Lodging is defined as hotels and motels, membership lodgings (Y's etc.), suite or apartment hotels, hotels, or other temporary residence units, not defined as residential hotels, above. Within the CNEL 60-70 contours, buildings must be subjected to an acoustical study to assure that interior levels do not exceed CNEL 45. Appropriate legal notice shall be provided to purchasers, lessees, and renters of properties in this conditionally compatible zone in the manner previously described.
6. Office buildings include many types of office and service uses: business and business services; finance, insurance, real estate; personal services; professional (medical, legal and educational); and government, research and development and others. Within the CNEL 65-70 contours, buildings must be subjected to an acoustical study to assure that interior levels do not exceed CNEL 50. Appropriate legal notice shall be provided to purchasers, lessees, and renters of properties in this conditionally compatible zone in the manner previously described.
8. For new commercial retail uses located within the CNEL 65-75 contours, buildings must be subjected to an acoustical study to assure that interior levels do not exceed CNEL 50. Appropriate legal notice shall be provided to purchasers, lessees, and renters of properties in this conditionally compatible zone in the manner previously described.

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WHAT IS THE CLUP?

The Naval Air Station (NAS) Miramar Comprehensive Land Use Plan (CLUP) represents Navy and community recommendations for achieving compatible development near the air station. The CLUP was prepared by the San Diego Association of Governments (SANDAG) under authority of Article 3.5 of the California Public Utilities Code. The CLUP also incorporates recommendations of the Navy's Air Installation Compatible Use Zones (AICUZ) program, part of a nation-wide planning effort by the Department of Defense to look at accident potential and noise impacts around each military air installation in the United States. The goals of the CLUP are to:

- * Protect NAS Miramar from incompatible land uses;
- * Provide criteria for the orderly growth of the area surrounding the air station;
- * Safeguard the general welfare of those inhabitants within the vicinity of the air station by protecting them from the adverse effects of aircraft noise and accident potential; and
- * Ensure that no obstructions or other hazards affect navigable airspace.

WHY IS THERE A PROBLEM?

Many military and civilian airfields were originally constructed in the open countryside. Over the years pressures to house a growing population meant people tended to move onto land near airfields. This nearby land normally has established access routes, and in many cases offers the advantages of living or working close to a major employment base. Meanwhile the level of air traffic has increased. These counteracting trends can cause problems for the air facility as well as local residents. Specifically, problems arise when use of the land is not controlled for compatibility with air operations.

Although noise impact areas no longer grow at rates experienced in the 1970's (and have actually decreased at NAS Miramar), the land near all airfields will continue to have high noise levels and potential for aircraft accidents. Land near airfields is suitable for certain types of development, such as agriculture or industrial uses, but may not be suitable for other types of development. Land near NAS Miramar consists of a mix of residential, commercial and industrial uses. For the most part, these developments are considered compatible with the current land use plan.

COMMUNITY PARTICIPATION

Land use compatibility is a shared concern of the Navy, the public, and the local government agencies who have planning and zoning authority. The decision makers for the local government have the key responsibility for taking actions that preserve land use compatibility. The cooperative action of all parties helps to resolve land use compatibility problems.

NAVY ROLE IN THE ECONOMY

More than 11,000 military and 2,500 civilian personnel work at NAS Miramar. Nearly 2,500 bachelor and 615 married military personnel (with 1,000 dependents) live at the air facility. An additional 1800 military, with 5,500 dependents live in military housing off station with the rest living in the surrounding communities. All totalled -- military, civilians and dependents -- NAS Miramar

has an extended family of nearly 30,000.

NAS Miramar is part of the naval complex in San Diego County. Over 175,000 Department of Defense personnel work in San Diego with a total economic impact to the community of \$9.5 billion annually. NAS Miramar accounts for over \$700 million of this total. Overall, one in five dollars in the San Diego economy is a Navy dollar.

INSTALLATION MISSION

NAS Miramar is the home of the jet fighter and early warning aircraft of the Pacific Fleet. The mission of the station is to maintain and operate facilities and provide services and materials to support operations of aviation activities and units of the operating forces of the Navy.

WHAT IS NAS MIRAMAR DOING?

The people stationed at NAS Miramar are aware of their responsibility to minimize noise levels and hazards for the residents of nearby communities. Since 1974, noise complaints at NAS Miramar have decreased from a high of over 2,000 to 210 in 1991. This decrease resulted from the installation of hush houses to suppress ground engine runups, noise abatement procedures, and changes in aircraft mix.

MORE INFORMATION

Copies of the NAS Miramar CLUP may be obtained from SANDAG. Information on height restrictions and obstruction determination can be obtained from the Federal Aviation Administration or NAS Miramar. Information on land use compatibility may be obtained from the Community Planning Liaison Office at NAS Miramar.

NAS Miramar
NOISE COMPLAINTS
(619) 537-4277

Community Planning Liaison Office
Code: 00M, NAS Miramar
San Diego, CA 92145-5000
(619) 537-1235

San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101
(619) 595-5300

Federal Aviation Administration
13006 Aviation Blvd.
Hawthorne, CA 90261
(310) 297-1667

[CLUP COMPOSITE MAP GRAPHIC]

CLUP Area

The NAS Miramar CLUP Composite Map shows a combination of noise and Accident Potential Zones (APZs). The noise descriptor used in this study is CNEL, which stands for Community Noise Equivalent Level. CNEL is the weighted average sound level for a 24-hour day. It is calculated by weighing evening and night operations five and ten times more than day operations, respectively, to adjust for the increased irritation caused by noise during evening and night hours. The depicted noise footprint ranges from 60 dB CNEL to 75 dB CNEL. The Accident Potential Zones represent areas that are overflowed by aircraft and, therefore, more susceptible to accidents. The three APZs are APZ II, APZ I, and the Clear Zone; each progressively closer to the runway and potentially of more concern. The Land Use Compatibility Guidelines for noise and APZs promote compatible development near the air station. The guidelines recommend restricting noise sensitive development in the high noise zones, and restricting population density within the APZs. Zones of highest noise and accident potential have the smallest range of compatible land use.

[VICINITY MAP]

Heights and Obstructions

In addition to noise and APZ considerations, height restrictions are necessary to insure that no object will interfere with the safe operation of aircraft or deny operational capability of the air station. Any development proposal that includes an object over 200 feet above ground level (AGL) or which penetrates the 100:1 slope extending 20,000 feet from the nearest point of the nearest runway must be submitted to the Federal Aviation Administration (FAA) for an obstruction evaluation. SANDAG and NAS Miramar must also be notified of these proposals by the applicant. The following should also be examined for compatibility:

- Uses that release into the air any substance that would impair visibility or otherwise interfere with the operation of aircraft (e.g., dust,

smoke, or steam).

- Uses which emit or reflect light that would interfere with aircrew vision.

- Uses that produce emissions which would interfere with aircraft communications systems, navigation systems or other electrical systems.

- Uses which attract birds, such as (but not limited to) sanitary landfills, maintenance of feed stations, growing certain types of vegetation, etc.

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Airport Noise/Land Use Compatibility Matrix

<TABLE>
<CAPTION>

LAND USE	Annual Community Noise Equivalent Level (CNEL) in decibels				
	55	60	65	70	75
<S>	<C>	<C>	<C>	<C>	<C>
1. OUTDOOR AMPHITHEATERS					
2. NATURE PRESERVES, WILDLIFE PRESERVES, LIVESTOCK FARMING, NEIGHBORHOOD PARKS AND PLAYGROUNDS					
3. SCHOOLS, PRESCHOOLS, LIBRARIES					
		45			
4. RESIDENTIAL SINGLE FAMILY, MULTIPLE FAMILY MOBILE HOMES, RESIDENTIAL HOTELS, RETIREMENT HOMES, INTERMEDIATE CARE FACILITIES, HOSPITALS, NURSING HOMES			45		
5. HOTELS AND MOTELS, OTHER TRANSIENT LODGING, AUDITORIUMS, CONCERT HALLS, INDOOR ARENAS, CHURCHES			45	45	
6. OFFICE BUILDINGS-BUSINESS, EDUCATIONS, PROFESSIONAL AND PERSONAL SERVICES; R & D OFFICES AND LABORATORIES				50	
7. RIDING STABLES, WATER RECREATION FACILITIES, REGIONAL PARKS AND ATHLETIC FIELDS, CEMETERIES, OUTDOOR SPECTATOR SPORTS, GOLF COURSES					
8. COMMERCIAL-RETAIL; SHOPPING CENTERS, RESTAURANTS, MOVIE THEATERS				50	50
9. COMMERCIAL-WHOLESALE, INDUSTRIAL; MANUFACTURING					
10. AGRICULTURE (EXCEPT RESIDENCES AND LIVESTOCK EXTRACTIVE INDUSTRY, UTILITIES & PUBLIC R-O-W					

This matrix should be used with reference to the Implementation Directives shown on the reverse

[] COMPATIBLE
The outdoor community noise equivalent level is sufficiently attenuated by conventional construction that the indoor noise level is acceptable, and both indoor and outdoor activities associated with the land use may be carried out with essentially no interference from aircraft noise.

[45] CONDITIONALLY COMPATIBLE
The outdoor community noise equivalent level will be attenuated to the indoor level shown, and the outdoor noise level is acceptable for associated outdoor activities.

[] INCOMPATIBLE
The community noise equivalent level is severe. Although extensive

mitigation techniques could make the indoor environment acceptable for performance of activities the outdoor environment would be intolerable for outdoor activities associated with the land use.

Land Use Compatibility In Accident Potential Zones

<TABLE>
<CAPTION>

LAND USE	APZ 1	APZ 2
<S>	<C>	<C>
RESIDENTIAL(1) APARTMENTS, AND TRANSIENT LODGING		
ASSEMBLY AREAS: Schools, Churches, Libraries, Auditoriums, Sports Arenas, etc., Preschools, Nurseries, and Restaurants		
Hospitals, Sanitariums, and Nursing Homes		
OFFICES, RETAIL SHOPS*	50	
WHOLESALE STORES, MANUFACTURING**	50	
OUTDOOR USES: Playgrounds, Neighborhood Parks, Golf Courses, Riding Stables, Public Right-of-Way	50	

</TABLE>

(1) Residential land uses include single family, duplex, mobile homes, multi-family, and retirement homes.

* See 1992 CLUP revision for siting of flammable, hazardous, and toxic materials within the APZs.

** It is suggested that lot coverage in APZ1 should be less than 25%; and less than 40% in APZ2.

For further information on determining compatibility in APZs, please see the NAS Miramar CLUP

[]	COMPATIBLE
[]	
[50 or fewer]	CONDITIONAL COMPATIBLE
[Persons/Acre]	
[]	INCOMPATIBLE
[]	

EXHIBIT A
INDUSTRIAL LEASE
RULES AND REGULATIONS

1. Driveways, sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways shall not be obstructed by tenants or used by tenants for any purpose other than for ingress to and egress from their respective premises. The driveways, sidewalks, halls, passages, exits, entrances, elevators and stairways are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building, the Project and its tenants, provided that

nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of such tenant's business unless such persons are engaged in illegal activities. No tenant, and no employees or invitees of any tenant, shall go upon the roof of any Building, except as authorized by Landlord.

2. No sign, placard, banner, picture, name, advertisement or notice, visible from the exterior of the Premises or the Building or the common areas of the Building shall be inscribed, painted, affixed, installed or otherwise displayed by Tenant either on its Premises or any part of the Building or Project without the prior written consent of Landlord in Landlord's sole and absolute discretion. Landlord shall have the right to remove any such sign, placard, banner, picture, name, advertisement, or notice without notice to and at the expense of Tenant, which were installed or displayed in violation of this rule. If Landlord shall have given such consent to Tenant at any time, whether before or after the execution of Tenant's Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of the Lease, and shall be deemed to relate only to the particular sign, placard, banner, picture, name, advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to any other such sign, placard, banner, picture, name, advertisement or notice.

All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person or vendor approved by Landlord and shall be removed by Tenant at the time of vacancy at Tenant's expense.

3. The directory of the Building or Project will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to charge for the use thereof and to exclude any other names therefrom.
4. No curtains, draperies, blinds, shutters, shades, screens or other coverings, awnings, hangings or decorations shall be attached to, hung or placed in, or used in connection with, any window or door on the Premises without the prior written consent of Landlord. In any event with the prior written consent of Landlord, all such items shall be installed inboard of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent or of a quality, type, design, and bulb color approved by Landlord. No articles shall be placed or kept on the window sills so as to be visible from the exterior of the Building. No articles shall be placed against glass partitions or doors which Landlord considers unsightly from outside Tenant's Premises.
5. Each tenant shall be responsible for all persons for whom it allows to enter the Building or the Project and shall be liable to Landlord for all acts of such persons.

Landlord and its agents shall not be liable for damages for any error concerning the admission to, or exclusion from, the Building or the Project of any person.

During the continuance of any invasion, mob, riot, public excitement or other circumstance rendering such action advisable in Landlord's opinion, Landlord reserves the right (but shall not be obligated) to prevent access to the Building and the Project during the continuance of that event by any means it considers appropriate for the safety of tenants and protection of the Building, property in the Building and the Project.

6. Tenant shall not alter any lock or access device or install a new or additional lock or access device or bolt on any door of its Premises, without the prior written consent of Landlord. If Landlord shall give its consent, Tenant shall in each case furnish Landlord with a key for any such lock. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys for all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.
7. The restrooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown into them. The expense of any breakage, stoppage, or damage resulting from violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused the breakage, stoppage, or damage.
8. Tenant shall not use or keep in or on the Premises, the Building or the Project any kerosene, gasoline, or inflammable or combustible fluid or material except in strict accordance with the terms of the Lease.
9. Tenant shall not use, keep or permit to be used or kept in its Premises any foul or noxious gas or substance. Tenant shall not allow the Premises

to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought or kept in or about the Premises, the Building, or the Project.

10. Except with the prior written consent of Landlord, Tenant shall not sell, or permit the sale, at retail, of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise in or on the Premises, nor shall Tenant carry on, or permit or allow any employee or other person to carry on, the business of stenography, typewriting or any similar business in or from the Premises for the service or accommodation of occupants of any other portion of the Building, or the business of a public barber shop, beauty parlor, nor shall the Premises be used for any illegal, improper, immoral or objectionable purpose, or any business or activity other than that specifically provided for in such Tenant's Lease. Tenant shall not accept hairstyling, barbering, shoeshine, nail, massage or similar services in the Premises or common areas except as authorized by Landlord.
11. If Tenant requires telegraphic, telephonic, telecommunications, data processing, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation. The cost of purchasing, installation and maintenance of such services shall be borne solely by Tenant.

Exhibit A - Page 1

12. Landlord will direct electricians as to where and how telephone, telegraph and electrical wires are to be introduced or installed. No boring or cutting for wires will be allowed without the prior written consent of Landlord. The location of burglar alarms, telephones, call boxes and other office equipment affixed to the Premises shall be subject to the prior written approval of Landlord.
13. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or any other device on the exterior walls or the roof of the Building, without Landlord's consent. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building, the Project or elsewhere.
14. Tenant shall not mark, or drive nails, screws or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof. Tenant shall not lay linoleum, tile, carpet or any other floor covering so that the same shall be affixed to the floor of its Premises in any manner except as approved in writing by Landlord. The expense of repairing any damage resulting from a violation of this rule or the removal of any floor covering shall be borne by the tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.
15. Tenant shall not place a load upon any floor of its Premises which exceeds the load per square foot which such floor was designed to carry or which is allowed by law.

Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord.

16. Each tenant shall store all its trash and garbage within the interior of the Premises or as otherwise directed by Landlord from time to time. Tenant shall not place in the trash boxes or receptacles any personal trash or any material that may not or cannot be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the city, without violation of any law or ordinance governing such disposal.
17. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building and the Project are prohibited and each tenant shall cooperate to prevent the same. No tenant shall make room-to-room solicitation of business from other tenants in the Building or the Project, without the written consent of Landlord.
18. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name and address of the Building and the Project.
19. Landlord reserves the right to exclude or expel from the Project any

person who, in Landlord's judgment, is under the influence of alcohol or drugs or who commits any act in violation of any of these Rules and Regulations.

20. Without the prior written consent of Landlord, Tenant shall not use the name of the Building or the Project or any photograph or other likeness of the Building or the Project in connection with, or in promoting or advertising, Tenant's business except that Tenant may include the Building's or Project's name in Tenant's address.
21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.
22. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.
23. Landlord reserves the right to designate the use of the parking spaces on the Project. Tenant or Tenant's guests shall park between designated parking lines only, and shall not occupy two parking spaces with one car. No trucks, truck tractors, trailers or fifth wheel are allowed to be parked anywhere at any time within the Project other than in Tenant's own truck dock well. Vehicles in violation of the above shall be subject to tow-away, at vehicle owner's expense. Vehicles parked on the Project overnight without prior written consent of the Landlord shall be deemed abandoned and shall be subject to tow-away at vehicle owner's expense. No tenant of the Building shall park in visitor or reserved parking areas or loading areas. Any tenant found parking in such designated visitor or reserved parking areas or loading areas or unauthorized areas shall be subject to tow-away at vehicle owner's expense. The parking areas shall not be used to provide car wash, oil changes, detailing, automotive repair or other services unless otherwise approved or furnished by Landlord. Tenant will from time to time, upon the request of Landlord, supply Landlord with a list of license plate numbers of vehicles owned or operated by its employees or agents.
24. No Tenant is allowed to unload, unpack, pack or in any way manipulate any products, materials or goods in the common areas of the Project including the parking and driveway areas of the Project. All products, goods and materials must be manipulated, handled, kept, and stored within the Tenant's Premises and not in any exterior areas, including, but not limited to, exterior dock platforms, against the exterior of the Building, parking areas and driveway areas of the Project. Tenant also agrees to keep the exterior of the Premises clean and free of nails, wood, pallets, packing materials, barrels and any other debris produced from their operation. All products, materials and goods are to enter and exit the Premises by being loaded or unloaded through dock high doors into trucks and or trailers, over dock high loading platforms into trucks and or trailers or loaded or unloaded into trucks and or trailers within the Premises through grade level door access.
25. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.
26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Project.
27. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building.
28. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and the Project and for the preservation of good order

therein. Tenant agrees to abide by all such Rules and Regulations herein stated and any additional rules and regulations which are adopted.

COMMERCIAL LEASE

THIS AGREEMENT of Lease is made as of the 28th day of February, 1999, by and between 1225 Financial Boulevard, Inc., a Nevada corporation ("Landlord") and Computing Resources, Inc., a Nevada corporation ("Tenant").

WITNESSETH:

A. PREMISES. In consideration of the rent hereinafter reserved and of the covenants hereinafter contained, Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord the land and approximately 7,327 square foot building under construction located at 1225 Financial Blvd., Reno, Nevada, Washoe County Assessor's Parcel No. 012-401-12, more particularly described on Exhibit "A" hereto (hereinafter referred to as the Premises).

B. TERM. The term of this Lease shall commence on substantial completion of construction and receipt of a certificate of occupancy (estimated to be on or about the first day of June, 1999) and shall terminate at 12:00 o'clock, midnight, on the last day of the calendar month that completes five (5) full years of tenancy hereunder.

If delivery of possession of the Premises shall be delayed beyond the estimated date specified above for the commencement of the term of this Lease through no fault of the Landlord, the latter shall not be liable to the Tenant for any damage resulting from such delay and the Tenant's obligation to pay rent shall be suspended and abated until possession of the Premises is delivered. In the event of such a delay it is understood and agreed that the commencement of the term of this Lease shall also be postponed until delivery of possession and that the termination date of the term shall be correspondingly extended, provided, however, that if possession is not delivered to Tenant on or before October 1, 1999, Tenant may, at its option, elect to terminate this Lease. Contemporaneously with the application for a certificate of occupancy Tenant shall be notified of the application and shall have the right to conduct a walk-through inspection of the building, but the term shall commence upon receipt of the certificate of occupancy whether or not the inspection has occurred.

C. RENT. In consideration of the leasing of the aforesaid Premises, Tenant does hereby covenant and agree with Landlord to pay rental in the sum of One Hundred Four Thousand Two Hundred Twelve and 80/100 Dollars (\$104,212.80) per annum in lawful currency of the United States of America. Said rental shall be payable monthly in advance at the rate of Eight Thousand Six Hundred Eighty-Four and 40/100 Dollars (\$8,684.40) per month, commencing on the first day of the first month of the term of this Lease. Said rental is based on \$1.20 per square foot.

The annual rental herein provided to be paid by Tenant to Landlord shall be subject to increase in accordance with the provisions of this paragraph. In computing said increase, it is agreed that, beginning one year after the term of this Lease commences and each one year thereafter, the index number hereinafter designated will be compared with its position as of the first day of the month in which the term of the Lease commences. The differences between the

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index number for the month this Lease term commences and for the month in which the next one-year period begins shall be converted to a percentage of the index number for the month this lease term commences. Said percentage shall be the percentage by which the annual rental initially reserved herein of One Hundred Four Thousand Two Hundred Twelve and 80/100 Dollars (\$104,212.80) shall be increased and shall continue in such increased amount for each month of such succeeding year thereafter until the next one-year index figure computation is made as hereinabove provided. If the said computation would result in a decrease in annual rental, then the annual rental for the succeeding year shall be the same annual rental for the immediately past year.

The index number to be used is the "Consumer's Price Index, U.S. City Average, All Items (1982-84 = 100)," published by the U.S. Department of Labor, Bureau of Labor Statistics. If the aforementioned index becomes unavailable, the index to be used is the "Consumer's Price Index" issued by the U.S. Department of Labor for San Francisco-Oakland-San Jose. If neither of the foregoing indexes is issued, Landlord and Tenant shall agree upon a substitute index to be employed in the computation of rent increases.

It is agreed that the price index shall be the index as of the first day of the month in which the term of this Lease commences, and, in the event no figures are issued for such month for the index being used, then the first figures of said index issued immediately after such date shall be considered the base index number as though it had been issued on the first day of the

month in which the term of this Lease commences, provided, however, that the rent herein required to be paid by Tenant to Landlord shall not be less than One Hundred Four Thousand Two Hundred Twelve and 80/100 Dollars (\$104,212.80) per annum during the term of this Lease. Except as provided in paragraph X hereof it is understood that the cost-of-living increase shall not be applied to anything except the One Hundred Four Thousand Two Hundred Twelve and 80/100 Dollars (\$104,212.80) annual rental reserved in this paragraph.

D. NET LEASE. It is the understanding and agreement of the parties hereto that this is a clear "net" lease obligation, Tenant to bear all expenses and make all payments consistent with the principle of the "net" Lease; and Tenant hereby assumes and agrees to perform all duties and obligations with relation to the Premises, the improvements thereon, and the appurtenances thereto, as well as the use, operation, and maintenance thereof, including being responsible for and making at Tenant's own expenses, all repairs to the roof and structural portions of the improvements unless same is necessitated by the negligence of Landlord, even though such duties and obligations would otherwise be construed to be those of Landlord. Provided, however, that Tenant shall not be required to pay any prior existing mortgages or any future mortgages that are placed on the property by Landlord and provided further, however, that for the first twelve (12) months of the lease term Tenant shall not be responsible for the cost of any repairs to the improvements being constructed upon the demised land required by failure of the building to comply with all applicable laws and building codes, including the Americans with Disabilities Act (the "ADA"), (any such failure being a "Construction Defect") and it shall be Landlord's responsibility to repair all Construction Defects during the said twelve (12) month period. In connection with this paragraph D, Tenant shall have the same right as Landlord under all

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guaranties and warranties of the building contractors and suppliers of materials and equipment installed in the building by Landlord or building contractor.

E. PAYMENT OF REAL ESTATE TAXES AND ASSESSMENTS. The parties hereto agree that, as part of the consideration for the Lease and in addition to the rent hereinbefore provided, Tenant shall, after the commencement of the term of this Lease, and during the remainder of the term of this Lease and any renewal or extension thereof, pay to the public officers charged with the collection thereof, promptly as the same become due, all taxes, levies, licenses, excises, franchises, imposts, penalties, and charges, general and special, ordinary and extraordinary, of whatever name, nature, and kind, which are not or may hereafter be levied, assessed, charged, or imposed, which are or may become a lien (whether federal, state, city, county, or other public authority) upon this Lease, the above-described Premises, the use or occupancy thereof, the buildings and improvements now or hereafter situated thereon, or upon the occupants in respect thereof. It is agreed that the above taxes shall not be in any way construed to include any federal or state income taxes assessed against either Landlord or Tenant.

In the event Tenant should fail to pay the taxes or assessments herein required to be paid by Tenant, prior to the date when a delinquent rate would be imposed, then Landlord may, at its option, pay such taxes to the public officers charged with the collection thereof, and the amount or amounts of money so paid by Landlord, together with interest on all such amounts at the rate of 2 percent per annum over the then existing prime rate charged by the Bank of America, shall be repaid by Tenant to Landlord upon demand, and the payment thereof may be collected or enforced by Landlord in the same manner as though said amounts were an installment of rent specifically required by the terms of this Lease to be paid by Tenant to Landlord within ten (10) days after the date when Landlord demands repayment thereof; the election of Landlord to pay such taxes shall not waive the default thus committed by Tenant.

In the event that the financing institution where Landlord has financing on the Premises shall require Landlord to prepay the real estate taxes in monthly installments of one-twelfth of the annual real estate taxes, then Landlord may elect to require the payment of the real estate taxes by Tenant to be made in monthly installments of one-twelfth of the annual real estate taxes, and Tenant agrees that it will make to Landlord monthly payments of such real estate taxes in an amount equal to one-twelfth of said taxes concurrently with the payment of rent.

Even though this paragraph E. obligates Tenant to pay the costs of special tax assessments assessed against the Premises, the parties hereto agree that in the event of the installation by any legal taxing authority of any improvements that shall not be for the specific benefit and use of Tenant (including, but not limited to, sidewalks and storm and sanitary drains), and said improvements may reasonably be expected to survive this Lease, then Tenant shall only be required to pay a pro rata share of such assessments based upon the useful life of the improvement and the balance of the term hereunder.

If Tenant shall, in good faith, desire to contest the validity of

such taxes, or other charges covered by this paragraph E., it shall have the right to do so, provided: (1) Tenant shall

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promptly notify Landlord of its intention to institute such legal proceedings as are appropriate, which proceedings shall be promptly instituted in good faith and with due diligence; (2) such proceedings shall suspend the collection of such taxes or other charges from Landlord, Tenant, and the Premises; (3) neither the Premises nor any part thereof nor interest therein shall be in danger of being sold, forfeited, terminated, cancelled, or lost; and (4) Tenant shall, if taxes become delinquent thereby, deposit with Landlord or the appropriate governmental authority such security for payment of the contested tax charge with interest and penalties as Landlord or the governmental authority shall reasonably require. Upon the conclusion of such contest of the validity of taxes by Tenant, Landlord shall return to Tenant the sum hereinabove required to be deposited by Tenant with Landlord during the period of such contest by Tenant, provided, however, that Tenant shall, prior to being entitled to a return of such monies, exhibit evidence of the payment of such contested taxes.

F. OTHER TAXES. Tenant agrees that during the term of this Lease or any extension or renewal thereof, it will pay to the public officers charged with the collection thereof any use tax or sales tax that might be imposed by any governmental body against either Landlord or Tenant by reason of the occupancy of the Premises and payment of rental therefor by Tenant; and Tenant further covenants and agrees to pay such taxes prior to the same becoming delinquent and, promptly following receipt of a request therefor from Landlord, to furnish to Landlord evidence of such payment. In the event Tenant should fail to pay such use or sales taxes, then Landlord, at its sole option, may pay said tax or taxes, and the amount so paid by Landlord shall be added to and become additional rental to be paid by Tenant to Landlord. Tenant shall have the option of paying any such use or sales tax directly to the governmental body assessing the same or to Landlord. In the event the same are paid to Landlord, it shall be Landlord's obligation to pay the same to such governmental body.

G. INSURANCE. At its cost, Tenant agrees to obtain, concurrent with the taking of occupancy of the Premises, and to maintain at all times during the term of this Lease, with insurance companies qualified to do business in the State of Nevada and having a general policyholder's rating of A+ and a financial rating of AAAAA as established by A.M. Best Company, fire and extended coverage insurance upon the Premises in the amount equal to the replacement cost of the improvements thereon, excluding, however, cost of foundation, underground pipes, wiring, and outside paving. Such policy or policies of insurance shall have endorsed thereon "Inflation Guard Endorsement" to cover cost-of-living increases so that the insurance coverage herein required shall be automatically increased as the cost of living increases. In lieu of such "Inflation Guard Endorsement," Tenant shall automatically increase the amount of coverage annually to cover the replacement cost of the improvements (less the cost of foundation, underground pipes, wiring, and outside paving), as the cost of living increases. Such policy or policies of insurance shall be so drawn and shall contain such provisions as will protect both Landlord and Tenant as their respective interests appear. All policies of insurance or certificates thereof as provided for in this paragraph G and in paragraphs H. and I. below shall be delivered to Landlord and shall be renewed from time to time by Tenant so that at all times the insurance protection herein provided shall continuously exist, and evidence of each renewal shall be submitted to Landlord at least 15 days prior to the expiration date of each policy. Tenant may

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maintain the insurance coverage through Tenant's blanket policy or policies and in such event, Tenant shall deliver to Landlord certificates of insurance and Tenant shall retain the original policies thereof.

In the event of the destruction of the improvements located on the demised land so as to render the Premises or a portion thereof untenable by Tenant, it shall be the obligation of Landlord, as hereinafter provided for, to promptly and diligently repair or rebuild the building and improvements as well as possible to their original condition, and the proceeds collected from the insurance policy or policies herein described shall be made available to Landlord for the purposes of effecting such repair or restoration, and the parties hereto agree that such insurance proceeds shall be first applied to the cost of any repairs and restoration before using any portion thereof for any other purposes.

In the event that there shall remain any portion of the proceeds of such insurance policy or policies after the repair and reconstruction of any building or improvements to a condition equal to the former condition thereof, and provided no condition of default exists on the part of Tenant herein under the terms of this Lease beyond any applicable cure period, then any such excess shall be paid to Tenant herein. Tenant shall be entitled to all insurance proceeds representing the value of the leasehold improvements being paid for by Tenant (together with all replacements thereof and additions thereto).

Tenant covenants and agrees with Landlord that Tenant will pay the premiums for all of the insurance policies that Tenant is obligated to carry under the terms of this Lease. If obtainable, such policy or policies of insurance shall provide that the same may not be cancelled without the giving of at least 15 days notice to Landlord of intent to cancel.

Anything to the contrary herein notwithstanding, the parties hereto agree that the provisions of this paragraph G. shall be subject to the requirements of any institutional first mortgagee now or at any time hereafter holding a first mortgage upon the Premises, including without limitation thereto the types and amounts of coverage (so long as they are consistent with insurance requirements for similar buildings in the Reno-Sparks, Nevada area), the named insureds, the insurers, and the right of the mortgagee to apply any insurance proceeds on account of the debt as provided in the next paragraph.

The right of a mortgagee to require payment of insurance proceeds on account of a mortgage debt shall extend only to an institutional first mortgagee, and in the event that insurance proceeds are taken by such a mortgagee, if the Premises are to be reconstructed in accordance with paragraph U. hereof, Landlord shall immediately obtain refinancing or otherwise shall immediately pay to an escrow agent approved by both Landlord and Tenant the amount taken by such mortgagee, and the escrow agent shall hold and disburse the funds for the reconstruction and repair of the Premises.

II. RENT INSURANCE. In order to insure the payment of rent during the period during which the Premises shall be untenable by reason of damage by fire, wind or other casualty,

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Tenant agrees to secure "rent insurance" covering a period not less than twelve (12) months so that the rent will be paid to Landlord during such period that such building is untenable, and such "rent insurance" shall provide for 60 percent of the annual rent payable by Tenant to Landlord provided for herein.

I. PUBLIC LIABILITY INSURANCE. Tenant covenants and agrees with Landlord that during the entire term of this Lease, Tenant will indemnify and save harmless Landlord, its officers, agents and employees against any and all claims, debts, demands, or obligations that may be made against Landlord, its officers, agents or employees or against Landlord's title in the Premises arising by reason of any negligent acts or omissions of Tenant, its officers, agents, or employees in occupying the Premises, but Tenant shall not be obligated to indemnify Landlord for damages or injuries arising from any negligent acts or omissions of Landlord, its officers, agents, or employees. Landlord shall indemnify, defend, and hold harmless Tenant, its officers, agents and employees with respect to negligent acts or omissions of Landlord, its officers, agents and employees. If it becomes necessary for Landlord to defend any action seeking to impose any such liability by virtue of alleged negligent acts or omissions of Tenant, its officers, agents or employees, Tenant will pay Landlord all costs of court and reasonable attorney and expert witness fees incurred by Landlord in such defense, in addition to any other sums that said Landlord may be called upon to pay by reason of the entry of a judgment or decree against Landlord in the litigation in which such claim is asserted. To this end, Tenant further contracts and agrees to procure and carry at its own expense insurance for bodily injury and property damage including personal injury not less than One Million Dollars and No/100 (\$1,000,000) per occurrence and Two Million and No/100 Dollars (\$2,000,000) aggregate, and an umbrella/excess liability policy of not less than Five Million and No/100 Dollars (\$5,000,000). Tenant shall cause said insurance policy or policies to specifically name Landlord as an additional insured and furnish Landlord with a certificate of said policy or policies. Tenant shall not do or permit any act or thing that shall render such policy invalid or that shall affect the validity thereof. If Tenant fails or neglects to carry such insurance as herein provided and to pay all insurance premiums therefor, or if said policy of insurance shall be cancelled for any cause whatsoever and Tenant does not promptly obtain other insurance prior to or simultaneously with such cancellation, Landlord may effect such insurance in its own name to the extent herein provided and pay the premium therefor, and any sums paid by Landlord for said premiums shall be deemed additional rent hereby reserved and shall be payable by Tenant within ten (10) days after demand therefor from Landlord, together with interest at the rate of 10 percent per annum.

Landlord and Tenant each waive any claim against the other for any damage to property covered by insurance. Each party agrees to obtain a waiver of subrogation from its insurance carrier permitting this waiver.

J. UTILITY CHARGES. Tenant agrees and covenants to pay all utility charges, including, but not limited to, water, gas, electricity, sewage, and removal of waste materials used on or arising from use of the Premises and to pay the same monthly or as they shall become due. Landlord hereby represents and warrants that, at the time of commencement of this Lease, sufficient water, electricity, telephone, sewage facilities, and garbage removal will be available

to Tenant for Tenant's intended use of the Premises.

K. AIR-CONDITIONING AND HEATING. For the first twelve (12) months of the term of this Lease Landlord shall maintain the air-conditioning, heating equipment, cooling systems, and mechanical equipment installed in the building. Thereafter, Tenant shall assume full and complete responsibility for their operation, maintenance, repair, and replacement and Landlord shall not be liable to Tenant for the failure or discontinuance of the air-conditioning, heating, and cooling systems. At no time shall Landlord be responsible for the provision of any utility service to the Premises. At the end of the first year of the term of this Lease Landlord shall assign to Tenant any and all remaining warranties obtained by Landlord regarding such air-conditioning and heating systems.

L. FIXTURES AND PERSONAL PROPERTY. It is agreed between the parties hereto that Tenant may make non-structural alterations or install any trade fixtures, equipment, and other personal property on the Premises of a temporary or permanent nature, and Landlord agrees that Tenant shall have the right at any time, provided Tenant is not in default of any of the terms of this Lease, to remove any and all such alterations, trade fixtures, equipment, and other personal property that it may have stored or installed in the Premises; provided further, however, that in such event Tenant shall restore the Premises substantially to the same condition, except for ordinary wear and tear, in which they were at the time Tenant took possession. Tenant shall not be obligated to restore the Premises substantially to the same condition in which they were at the time Tenant took possession in the event of changes and alterations made upon the written approval of Landlord or in the event the Premises are surrendered because of default on the part of Landlord.

The provisions hereof shall not be construed to prevent Tenant from financing or refinancing the purchase of equipment or machinery, and Landlord shall execute such reasonable documents in favor of any financial institution holding security thereon, subordinating rights of Landlord thereof; nor shall there be a lien on any work in process of Tenant.

M. TENANT FORBIDDEN TO ENCUMBER LANDLORD'S INTEREST. It is expressly agreed and understood between the parties hereto that nothing in this Lease shall ever be construed as empowering Tenant to encumber or cause to be encumbered the title or interest of Landlord in the Premises in any manner whatsoever. In the event that, regardless of this prohibition, any person furnishing or claiming to have furnished labor or materials at the request of Tenant or of any person claiming by, through, or under Tenant shall file a lien against Landlord's interest therein, Tenant, within 30 days after being notified thereof, shall cause said lien to be satisfied of record or the Premises released therefrom by the posting of a bond or other security as prescribed by law, or shall cause same to be discharged as a lien against Landlord's interest in the Premises by an order of a court having jurisdiction to discharge such lien.

N. LAWFUL USE OF PREMISES. Tenant further covenants and agrees that said demised land and all buildings and improvements thereon during the term of this Lease shall be used only and exclusively for lawful purposes; and that said Tenant shall not knowingly use or suffer anyone to use said Premises for any purpose in violation of the laws of the United States, the State of

Nevada, the County of Washoe, City of Reno, or any other governmental unit wherein the Premises may be located.

O. COMPLIANCE WITH REGULATIONS OF PUBLIC BODIES. Tenant covenants and agrees that it will, at its own cost, make such improvements on the Premises and perform such acts and do such things as may be lawfully required by any public body having jurisdiction over said property in order to comply with such sanitary, zoning, setback, and other similar requirements designed to protect the public, applicable only to the manner of Tenant's particular use and occupancy of the Premises which is distinct from normal office usage. Tenant also agrees to comply with all deed restrictions.

The undertakings in this paragraph O. are conditioned upon Landlord delivering the Premises to Tenant with the improvements constructed thereon complying with all building codes, ADA requirements, zoning ordinances, setback requirements, sanitary requirements, and other similar requirements in effect at the time of the commencement of the term of this Lease, and Tenant shall not be required to make any structural changes to meet such requirements as they from time to time may exist.

P. SIGNS. During the term of this Lease, Tenant may install such signs on the Premises as may be reasonable, provided, however, that such signs shall be first approved by Landlord, which approval shall not be unreasonably withheld or delayed. Such signs may be attached to said building in such manner

as may be necessary, provided that upon the termination of this Lease or any renewal or extension thereof, the same shall be removed by Tenant and that such part of the property at which said sign may have been attached shall be restored, at the expense of Tenant, to the same condition as prior to the placing of said sign.

Q. ATTORNEYS' FEES. In the event of a dispute because of which either party to this Lease employees counsel to pursue or protect any of the rights afforded that party by the terms hereof, or the terms of any related agreement, or to defend against the claims of the other party hereto, in or out of court, in bankruptcy or arbitration proceedings or otherwise, the non-prevailing party agrees to pay the reasonable attorneys' fees, expert witness' fees and costs incurred by the prevailing party in such dispute.

R. LANDLORD'S RIGHT TO INSPECT PREMISES. Tenant agrees and covenants that Landlord or its agents, for the purpose of examining or inspecting the condition of the Premises, shall have access to the said Premises upon the giving of 3 days' notice by Landlord to Tenant of Landlord's intent to examine or inspect the Premises. Notwithstanding the foregoing, Landlord, in the event of any emergency such as, but not limited to, a fire, flood, or severe windstorm, shall have free access to said Premises for the purposes of examining or inspecting damage done to the Premises.

Landlord shall have the right to show the Premises during the 90 days prior to termination to prospective tenants, at reasonable times during normal business hours upon reasonable advance notice to Tenant. Landlord further reserves the right to show the Premises

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to prospective purchasers upon reasonable advance notice to Tenant. Except in the event of an emergency, Landlord shall not have entrance to the Premises without the accompaniment of an employee of Tenant.

In the event of any entry by Landlord under this paragraph R, Landlord shall use commercially reasonable efforts to minimize any disruption to the operation of Tenant's business in the Premises.

S. ASSIGNMENT OR SUBLETTING. Tenant may, with the consent of Landlord, which consent shall not be unreasonably withheld or delayed more than twenty (20) days after written notice of Tenant's request for consent, assign this Lease or sublet in whole or in part the Premises provided that Tenant herein shall continue to remain liable and responsible for the payment of rental due hereunder. For the purpose of this clause, a merger or consolidation of Tenant with another corporation or an assignment or sublease to an affiliate or a wholly owned subsidiary of Tenant, shall not constitute an assignment or sublease requiring the consent of Landlord provided that the merged corporation, affiliate or subsidiary agrees in writing to be bound by the terms of this Lease. Landlord shall have the right to sell, transfer or assign the leased Premises without consent of Tenant, and Tenant agrees to attorn to landlord's purchaser, transferee or assignee. Such sale, transfer or assignment by Landlord shall relieve Landlord of its obligations hereunder if the purchaser, transferee or assignee assumes in writing Landlord's obligations hereunder.

T. REPAIRS. Tenant, after the commencement of the term of this Lease, shall, at its own expense, maintain the Premises in as good condition and repair as the Premises were upon the commencement of this term, except for (1) reasonable wear and use during the term of this Lease, or any extension thereof, (2) structural repairs (3) repairs required to be made by Landlord pursuant to the provisions of paragraphs D and K of this Lease, (4) repairs made necessary by reason of fire or other casualty, or by the negligent acts or omissions by Landlord or its agents or (5) as otherwise specifically provided for in this Lease.

U. DESTRUCTION OR DAMAGE BY FIRE OR OTHER HAZARDS. The parties hereto agree that if the improvements erected or to be erected upon the Premises are partially or totally destroyed or damaged by fire or other hazard then Landlord shall promptly provide Tenant with an estimated time frame for completion of the restoration and promptly repair and restore such improvements as soon as it is reasonably practical to restore them so that they are restored substantially to the prior existing condition, subject to such changes as Tenant may reasonably require, and provided, however, that such changes will not increase the cost of restoration unless Tenant agrees to pay for such increased cost. Due allowance, however, shall be made for reasonable time necessary for Landlord to adjust the loss with the insurance companies insuring the Premises at the time of the happening of the fire or the casualty, but in no event shall such adjustment result in Landlord not being obligated to make such restoration, and in any event the restoration must commence within 45 days after the happening of such fire or other casualty, and the completion thereof must be pursued diligently after such fire, casualty, or disaster with reasonable allowance made for delay occasioned by strike, lockouts, or conditions beyond the control of Landlord, but in any event, said restoration must be completed on or before one year after the happening of such fire

or other casualty. If such restoration is not completed within said one-year period, then Tenant, at its option, may cancel this Lease with abatement of rent as of the date of the loss, provided, however, that Landlord shall be entitled to retain the proceeds of any rent insurance as provided for in paragraph H. hereof. However, failure of the insurance company to authorize such restoration work will be considered a reasonable delay.

In the event that there is total destruction of the Premises and Landlord's estimate of the time required for restoration exceed one (1) year or Landlord fails to completely restore and rebuild the same within one (1) year after such fire, casualty, or other disaster, then, in either event Tenant may, at its option, elect to terminate and cancel this Lease, in which event this Lease shall be terminated upon written notice by Tenant to Landlord and neither party shall thereafter have any further obligation with respect to the other.

Should the Premises or any portion thereof be rendered untenable by reason of the damage or destruction thereto caused by fire, casualty, or disaster during the term of this Lease as provided for in this paragraph, rent shall be abated in proportion to the areas of the Premises rendered untenable from the date of the happening of the fire or other casualty or disaster up to the date of restoration of the Premises, except any rent that may be received from rent insurance procured pursuant to this Lease. However, no rent shall accrue for any portion of the Premises unless Tenant is able to conduct its usual business on that portion of the Premises that remains tenantable. If, after the date of the happening of the fire or other casualty or disaster, Tenant shall have paid any rents for a period beyond such date, Tenant shall be entitled to a proportionate refund.

In the event of a complete or total destruction of the improvements or destruction to such an extent that the Premises are rendered untenable by Tenant, Landlord shall not be required to restore or rebuild the improvements in the event there are less than three years remaining of the term of this Lease, unless the parties hereto agree to extend the term of this Lease for not less than three years from the date of completion by Landlord of such restoration.

In the event that the Lease is cancelled as provided for in this paragraph U., Tenant shall be entitled to all insurance proceeds representing the value of leasehold improvements paid for or agreed to be paid for by Tenant together with all replacements thereof and additions thereto, and all proceeds representing the value of property of Tenant that is damaged or destroyed, provided that Landlord first receives the proceeds covering the replacement value of Landlord's building from all undesignated proceeds.

V. DEFAULT BY TENANT. Each of the following shall be deemed a default by Tenant and a breach of this Lease:

1. The filing of a petition by or against Tenant for adjudication as a bankrupt under the U.S. Bankruptcy Code, as now or hereafter amended or supplemented, or for reorganization under Chapter 11 of said Bankruptcy Code, or the filing of any petition by or against Tenant under any further bankruptcy act for the same or similar relief. Also constituting

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default is the dissolution or the commencement of any action or proceeding for the dissolution or liquidation of Tenant, whether instituted by or against Tenant or for the appointment of a receiver or trustee of the property of Tenant.

2. The taking possession of the Premises or property of Tenant upon the Premises by any governmental officer or agency pursuant to statutory authority for the dissolution, rehabilitation, reorganization, or liquidation of Tenant.

3. The making by Tenant of any "assignment for the benefit of creditors."

If any event of default described in subparagraph (1), (2) or (3) above shall be involuntary on the part of Tenant, there shall be no default within the meaning of this Lease, if such event is dismissed or vacated by Tenant within 60 days from the occurrence of such event; otherwise such event shall constitute a default hereunder.

4. A failure to pay the rent herein reserved, or additional rent, or any part thereof, for a period of 5 days after receipt of written notice.

5. Failure in the performance of any other covenant or condition of this Lease on the part of Tenant to be performed, for a period of 30 days after receipt of written notice.

a. For the purposes of subparagraph (5) of this paragraph V., no failure on the part of Tenant in the performance of work required to be

performed or acts to be done or conditions to be modified shall be deemed to exist if steps shall have, in good faith, been commenced promptly by Tenant to rectify the same and shall be prosecuted to completion with diligence and continuity. If the matter in question shall involve building construction and if Tenant shall be subject to unavoidable delay, either by reason of governmental regulations restricting the availability of labor or materials, or by strikes or other labor troubles, or by reason of conditions beyond the control of Tenant, Tenant's time to perform under said subparagraph (5) of this paragraph V. shall be extended for a period commensurate with such delay.

b. In the event of any such default of Tenant, Landlord may serve a written notice upon Tenant that Landlord elects to terminate this Lease upon a specified date not less than 30 days after the date of the serving of such notice, except that in the case of a default under subparagraph (4) above for nonpayment of rent such date shall not be less than 5 days after the notice given under said subparagraph (4), and if the default remains uncured or the period is not extended as herein provided, this Lease shall then expire on the date so specified as if that date had been originally fixed as the expiration date of the term herein granted.

c. In the event this Lease shall be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event the Premises or any part thereof shall be abandoned by Tenant, Landlord, or its agents, servants, or representatives may immediately or at any time thereafter, reenter and resume possession of said Premises or such part thereof, and remove all persons and property therefrom, either by summary dispossession proceedings or by

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a suitable action or proceeding at law, without being liable for any damages therefor. Moving out of the Premises or leaving the Premises vacant shall not be deemed an abandonment of the Premises, provided that Tenant continues to pay the rent as and when due. Reentry by Landlord shall not be deemed an acceptance of a surrender of this Lease.

In the event that this lease is terminated by summary proceedings, or otherwise as provided herein, or if the Premises shall have been abandoned and whether or not the Premises shall be relet, the entire amount of rent that would be paid to the expiration date of this Lease shall become due and payable. In the event of such termination or abandonment, Landlord shall be obligated to use its best efforts to mitigate any damages it may have against Tenant. In the event the Premises are relet by Landlord, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, in addition to any other damages becoming due hereunder, an amount equal to the amount of all rents and additional rent reserved under this Lease, less the net rent, if any, collected by Landlord on reletting the Premises, which shall be due and payable by Tenant to Landlord on the several days on which the rent and additional rent reserved in this Lease would have become due and payable; that is to say, upon each of such days Tenant shall pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord shall be computed by deducting from the gross rents collected all reasonable expenses incurred by Landlord in connection with the reletting of the Premises or any part thereof, including broker's commissions and the cost of repairing, renovating, or remodeling said Premises; however, the expenses to be deducted in computing the net rent collected on reletting shall not include the cost of performing any covenant contained herein required to be performed by Tenant.

The obligation of Landlord to use its best efforts to mitigate any damages it may have against Tenant shall not preclude the right of Landlord to obtain by judicial process a judgment for the entire amount of rent that would be paid to the expiration date of this Lease, if said Lease is terminated by summary proceedings or otherwise as provided herein. In the event Landlord obtains a judgment in such manner, Landlord shall be obligated to use its best efforts to mitigate any damages it may have recovered in accordance with the provisions of this paragraph.

W. SUBORDINATION. This Lease, its terms, condition, and all leasehold interests and rights hereunder, are expressly made, given, and granted subject and subordinate to the lien of any bona fide first mortgage that Landlord may secure from any bank, life insurance company, savings and loan association, or other recognized lending institution; and Tenant agrees to execute any instrument or instruments required by the mortgagee to subordinate the terms of this Lease to any such first mortgage that may be placed upon the Premises by Landlord; provided, however, that:

1. Said Mortgagee enters into a nondisturbance agreement with Tenant obligating any party acquiring title or right of possession under or by virtue of such mortgage to be bound by this Lease and by all of Tenant's rights hereunder, provided that Tenant is not then in continued default after notice in the payment of rent or otherwise under the terms of this Lease as it may hereafter be modified from time to time.

2. Tenant is not required to become responsible or liable for the payment of

any sum or sums secured by such first mortgage, and further provided that such first mortgage contains provisions, or that the mortgagee will agree by separate instrument, to notify Tenant of any default on the part of Landlord in payment or default under any other terms and conditions of the mortgage. Should Tenant elect to exercise its right to make payment to a mortgagee in order to cure a default on the part of Landlord-Mortgagor, Tenant may deduct any sums so paid to cure such a default from the next ensuing payment or payments or rental as is in this Lease provided.

3. Tenant agrees to notify mortgagee of any default on the part of Landlord under any of the terms and conditions of this Lease concurrently with the delivery of any notice of default to Landlord, said notice being only for the purpose of informing mortgagee of Landlord's default. Said notice shall not be construed as placing any obligations on mortgagor beyond those obligations specified in the mortgage between mortgagee and Landlord hereunder. Tenant's obligation to notify a mortgagee shall only extend to those mortgagees for whom Tenant has received from Landlord a copy of the mortgage and notice of mortgagee's address.

4. Notwithstanding anything at law or in this Lease to the contrary, the nondisturbance provision as provided for in subparagraph (1) hereof shall not apply to a construction loan lender prior to such time as Tenant occupies the Premises, and Tenant agrees to execute a separate subordination agreement in favor of a construction loan lender, which agreement will provide that the nondisturbance provision will not affect said construction loan lender until such time as Tenant occupies the Premises.

X. OPTION TO RENEW. Provided Tenant is not in default under the terms of this Lease at the time of the exercise of the herein contained option and at the commencement of any option period, Landlord grant to Tenant the option to renew this Lease for three additional terms of five years each under the same terms and conditions as contained herein, except that the base rent for the first year of each of the option periods shall be set at the then fair market rental value of the premises, to be determined by mutual agreement of Landlord and Tenant, or in the absence of such agreement before three months before expiration of the then current lease term, by appraisal utilizing one appraiser selected by each of the parties and a third appraiser selected by the first two the average of the closest two appraisals shall be the base rental rate for the first year of each option period and the base rent for each subsequent year of each option period shall be determined by reference to increases in the CPI index as is set forth in paragraph C. hereof.

In the event Tenant should elect to exercise its option to renew, Tenant shall deliver to Landlord notice of its intent to renew this Lease, such notice to be delivered in writing to Landlord at least six months prior to the expiration of this Lease or any renewal thereof.

Y. CONDEMNATION. It is further understood and agreed that if, at any time during the continuance of this Lease, the legal title to the demised land or the improvements located thereon or any portion thereof be taken, appropriated, or condemned by reason of eminent domain, there shall be such division of the proceeds of award in such condemnation proceedings and such abatement of rent and other adjustments made as shall be just and equitable under the

circumstances. If Landlord and Tenant are unable to agree upon what division, abatement of rent, or other adjustments are just and equitable within 60 days after such award shall have been made, then the matters in dispute shall be submitted to arbitration in accordance with the then-existing commercial arbitration rules of the American Arbitration Association, and this Lease shall be specifically enforceable under the prevailing arbitration law, and judgment upon the award rendered may be entered in the court of the State of Nevada having jurisdiction.

Notwithstanding anything to the contrary herein contained, any proceeds of award in such condemnation proceedings shall be paid in favor of the party for whom said award is specifically granted. That is to say, that in the event Tenant is not specifically awarded proceeds from said proceedings, Tenant shall not receive any such proceeds.

If this Lease is terminated in any manner herein provided in this paragraph Y., rent for the last month of Tenant's occupancy shall be prorated, and Landlord agrees to refund to Tenant any rents paid in advance.

If the legal title to the entire Premises is wholly taken by condemnation proceedings, this Lease shall be automatically cancelled. If legal title to a portion of the Premises is taken and Tenant reasonably and in good faith determines that such taking renders the remainder of the Premises unfit for its intended use, Tenant, at its sole option, may elect to terminate this Lease. In the event the parties cannot agree upon what partial taking renders the

remainder of the Premises unfit for its intended use, then the matter shall be submitted to arbitration in the manner provided above. In general, it is the intent of this paragraph Y. that upon condemnation the parties hereto shall share in the award to the extent that their respective interests are destroyed, damaged, or depreciated by the exercise of the right of eminent domain.

Z. NOTICES. All notices required by the law and this Lease to be given by one party to the other shall be in writing, and the same shall be served by delivery in person by overnight courier service or by certified mail, return receipt requested, in postage prepaid envelopes addressed to the following addresses or such other addresses as may be by one party to the other designated in writing:

AS TO LANDLORD: Ranson W. Webster, President
1225 Financial Boulevard, Inc.
c/o Computing Resources, Inc.
1285 Financial Boulevard
Reno, Nevada 89502

AS TO TENANT: Harry D. Hart, President
Computing Resources, Inc.
1285 Financial Boulevard
Reno, Nevada 89502

Either party may change its address for notices and/or add additional recipients by notice to the

other party hereunder.

AA. QUIET ENJOYMENT. So long as Tenant observes the terms of this Lease, Tenant shall have peaceful and quiet enjoyment of the Premises.

BB. MISCELLANEOUS The covenants and agreements contained herein shall bind and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

Whenever used, the singular number shall include the plural, and the plural number shall include the singular; the use of any gender shall be applicable to all genders.

All covenants, agreements, and undertakings shall be joint and several.

The parties agree that either may record a Memorandum of this Lease in the Official Records of Clark County, State of Nevada, and that this Lease shall be governed by and construed in accordance with the laws of the State of Nevada.

No modifications or changes shall be made to this Lease unless the same are made in writing and signed by the party against whom enforcement is sought.

IN WITNESS WHEREOF, this agreement has been executed as of the day and year first above written.

LANDLORD:

By: [Signature Illegible]

Its: President

TENANT:

By: [Signature Illegible]

Its: Chairman & C.E.O.

DESCRIPTION

All that certain lot, piece or parcel of land situate in the County of Washoe, State of Nevada, described as follows:

Parcel 4 as shown on 3rd Parcel Map for JOHN A. DERMODY, INC., Parcel Map No. 1362, filed in the office of the Recorder of Washoe County, Nevada, on August 13, 1982 as File No. 809789.

EXCEPTING THEREFROM all that certain parcel of land being more particularly described as follows:

Commencing at the Southwesterly corner of Parcel 4 of Parcel Map No. 1362; said point being the True Point of Beginning; Thence S 64 degrees 49'04" E., 199.00' along the Southerly line of said Parcel 4; Thence N. 25 degrees 10'56" E., 200.00' to a point on the Southerly right of way of Equity Avenue, Thence N. 64 degrees 49'04" W., 176.50' along said Southerly right of way to a point of curvature; Thence 48.45' along the arc of a curve to the left, having a central angle of 92 degrees 32'14" and a radius of 30.00' to a point on the Easterly right of way of Corporate Boulevard; Thence S. 22 degrees 38'42" W., 168.84' along said right of way returning to the True Point of Beginning.

AND FURTHER EXCEPTING THEREFROM all that certain parcel of land being more particularly described as follows:

Commencing at the Southwesterly corner of Parcel 4 of Parcel Map No. 1362; Thence S. 64 degrees 49'04" E., 199.00' along the Southerly line of said Parcel 4 to the True Point of Beginning; Thence continuing along said South line, S. 64 degrees 49'04" E., 447.50' to a point; Thence N. 25 degrees 10'56" E., 200.00' to a point on the Southerly right of way of Equity Avenue; Thence N. 64 degrees 49'04" W., 447.50' along the said right of way to a point; Thence S. 25 degrees 10'56" W., 200.00' returning to the True Point of Beginning.

EXHIBIT A

LIST OF REGISTRANT'S SUBSIDIARIES

<TABLE>	
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ENTITY	STATE/COUNTRY OF INCORPORATION
-----	-----
<S>	<C>
DOMESTIC	
Boston Light Software Corp.	Massachusetts
Computing Resources, Inc.	Nevada
Greenco Subsidiary Corporation	Delaware
Intuit Insurance Services, Inc.	Virginia
Intuit Lender Services, Inc.	Delaware
Intuit Ventures Inc.	Delaware
Lacerte Educational Services, Inc.	Delaware
Lacerte Software Corporation	Delaware
Quicken Investment Services, Inc.	Delaware
Quicken Loans Inc.	Michigan
SecureTax.com, Inc.	Delaware
Title Source, Inc.	Michigan
Venture Finance Software Corp.	Delaware
INTERNATIONAL	
Hutchison Avenue Software, an Intuit Company	Canada
Intuit Canada Limited	Canada
Intuit K.K.	Japan
Intuit Limited	United Kingdom
Intuit NS II ULC	Canada
</TABLE>	

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements listed in the following table pertaining to the named plans of Intuit Inc., of our report dated August 22, 2000, with respect to the consolidated financial statements and schedule of Intuit Inc., included in the Annual Report (Form 10-K) for the year ended July 31, 2000.

<TABLE> FORM S-8 NO.	PLAN
<S> 33-59458	<C> 1988 Option Plan; 1993 Equity Incentive Plan; Non-Plan Officer Options
33-73222	1993 Equity Incentive Plan; Chipsoft Plan
33-95040	1993 Equity Incentive Plan; Personal News Options
333-06889	Options Granted By Interactive Insurance Services Corp. Under Its Management Equity Plan Assumed By The Issuer
333-16827	1993 Equity Incentive Plan
333-16829	1996 Directors Stock Option Plan; 1996 Employee Stock Purchase Plan
333-20361	Options To Purchase Common Stock
333-45285	Intuit Inc. 1996 Employee Stock Plan
333-45277	Intuit Inc. 1996 Directors' Stock Plan
333-45287	Intuit Inc. 1993 Equity Incentive Plan
333-68851	Intuit Inc. 1998 Option Plan For Mergers And Acquisitions
333-71099	Intuit Inc. 1993 Equity Incentive Plan
333-71101	Intuit Inc. 1996 Directors Stock Option Plan
333-71103	Intuit Inc. 1996 Employee Stock Purchase Plan
333-78041	Intuit Inc. 1998 Option Plan For Mergers And Acquisitions
333-84385	Options Granted Under The Boston Light Software Corp. 1999 Amended And Restated Stock Option/Stock Issuance Plan And Assumed By Intuit Inc.
333-85349	Options Granted Under The Hutchison Avenue Software Corporation Stock Option Plan Dated June 29, 1999 And Assumed By Intuit Inc.
333-92503	Options Granted Under The Rock Financial Corporation Amended And Restated 1996 Stock Option Plan Assumed By Intuit Inc.
333-92513	Intuit Inc. 1996 Employee Stock Purchase Plan
333-92515	Intuit Inc. 1996 Directors Stock Option Plan
333-92517	Intuit Inc. 1993 Equity Incentive Plan

</TABLE>

We also consent to the incorporation by reference in the Registration Statements (Form S-3 Nos. 333-50417 and 333-63739 and Form S-4 No. 333-71097) of Intuit Inc. and in the related Prospectus of our report dated August 22, 2000, with respect to the consolidated financial statements and schedule of Intuit Inc. in this Annual Report (Form 10-K) for the year ended July 31, 2000.

/s/ Ernst & Young LLP

Palo Alto, California
October 13, 2000

CONSENT OF KPMG LLP, INDEPENDENT AUDITORS

The Board of Directors
Intuit Inc.:

We consent to the incorporation by reference in the Registration Statements listed in the following table pertaining to the named plans of Intuit Inc. of our report dated January 28, 1999, relating to the statements of income, stockholders' equity, and cash flows of Rock Financial Corporation for the year ended December 31, 1998, which expresses an unqualified opinion and includes an explanatory paragraph relating to the change in method of accounting for software developed for internal use, which report appears in the July 31, 2000, Annual Report on Form 10-K of Intuit Inc.

<TABLE>

<CAPTION>

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Inc. and in the related Prospectus of our report dated January 28, 1999, relating to the statements of income, stockholders' equity, and cash flows of Rock Financial Corporation for the year ended December 31, 1998, which expresses an unqualified opinion and includes an explanatory paragraph relating to the change in method of accounting for software developed for internal use, which report appears in the July 31, 2000, Annual Report on Form 10-K of Intuit Inc.

KMPG LLP

Detroit, Michigan
October 12, 2000

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