UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended January 31, 2002 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______________ to ______________ .

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0034661**
(State of incorporation)	*(IRS employer identification no.)*

2535 Garcia Avenue, Mountain View, CA 94043

(Address of principal executive offices)

(650) 944-6000

(Registrant's telephone number, including area code)

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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Approximately 212,690,599 shares of Common Stock, $0.01 par value, as of January 31, 2002

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INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	July 31, 2001	January 31, 2002
ASSETS		*(unaudited)*
Current assets:		
Cash and cash equivalents	$ 450,104	$ 488,555
Short-term investments	1,119,305	1,004,829
Marketable securities	85,307	42,729
Customer deposits	230,410	256,313
Accounts receivable, net	27,990	262,513
Mortgage loans	123,241	268,025
Deferred income taxes	77,948	90,247
Prepaid expenses and other current assets	33,617	32,652
Total current assets	2,147,922	2,445,863
Property and equipment, net	185,969	183,389
Goodwill and intangibles, net	415,334	348,600
Long-term deferred income taxes	145,905	146,205
Investments	24,107	13,170
Other assets (1)	42,499	13,651
Total assets	$2,961,736	$3,150,878
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 66,400	$ 100,440
Payroll service obligations	205,067	217,724
Escrow liabilities	23,373	37,906
Drafts payable	63,518	70,962
Deferred revenue	137,305	156,337
Income taxes payable	82,661	42,091
Short-term note payable	38,672	36,753
Other current liabilities	170,966	263,286
Total current liabilities	787,962	925,499
Long-term obligations	12,413	12,249
Minority interest	35	35
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid in capital	1,725,490	1,765,115
Treasury stock, at cost	(8,497)	(4,755)
Deferred compensation	(21,720)	(18,056)
Accumulated other comprehensive income, net	28,180	5,477
Retained earnings	437,873	465,314
Total stockholders' equity	2,161,326	2,213,095
Total liabilities and stockholders' equity	$2,961,736	$3,150,878

(1) Includes $9.5 million and $8.1 million of loans due from affiliates as of July 31, 2001 and January 31, 2002, respectively.

See accompanying notes.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended January 31,		Six Months Ended January 31,	
	2001	2002	2001	2002
(In thousands, except per share data; unaudited)				
Net revenue:				
Products	$372,252	$422,827	$492,075	$537,410
Services	64,453	106,623	111,993	183,417
Other	20,855	17,795	41,014	35,184
Total net revenue	457,560	547,245	645,082	756,011
Costs and expenses:				
Cost of revenue:				
Cost of products	60,110	74,318	89,410	106,244
Cost of services	37,743	40,394	68,698	74,273
Cost of other revenue	5,966	6,352	12,605	12,899
Amortization of purchased software	3,858	7,171	6,845	8,877
Customer service and technical support	46,134	53,139	78,530	92,092
Selling and marketing	85,567	94,931	146,667	166,826
Research and development	54,599	53,263	102,477	103,203
General and administrative	25,914	32,123	53,697	60,716
Acquisition-related charges	43,074	62,099	82,753	103,186
Loss on impairment of long-lived asset	—	—	—	27,000
Total costs and expenses	362,965	423,790	641,682	755,316
Income from operations	94,595	123,455	3,400	695
Interest and other income and expense, net	16,548	8,526	32,666	20,323
Gains (losses) on marketable securities and other investments, net	(71,935)	1,632	(75,803)	(10,622)
Gain on divestiture	1,639	—	1,639	—
Income (loss) before income taxes, minority interest and cumulative effect of accounting change	40,847	133,613	(38,098)	10,396
Income tax provision (benefit)	14,188	13,745	(16,728)	(17,045)
Minority interest	97	—	147	—
Income (loss) before cumulative effect of accounting change	26,562	119,868	(21,517)	27,441
Cumulative effect of accounting change, net of income taxes of $9,543	—	—	14,314	—
Net income (loss)	$ 26,562	$119,868	$ (7,203)	$ 27,441
Basic net income (loss) per share before cumulative effect of accounting change	$ 0.13	$ 0.56	$ (0.10)	$ 0.13
Cumulative effect of accounting change	—	—	0.07	—
Basic net income (loss) per share	$ 0.13	$ 0.56	$ (0.03)	$ 0.13
Shares used in per share amounts	207,594	212,520	206,661	211,780
Diluted net income (loss) per share before cumulative effect of accounting change	$ 0.12	$ 0.55	$ (0.10)	$ 0.13
Cumulative effect of accounting change	—	—	0.07	—
Diluted net income (loss) per share	$ 0.12	$ 0.55	$ (0.03)	$ 0.13
Shares used in per share amounts	215,927	219,355	206,661	217,914

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended January 31, 2001	2002
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ (7,203)	$ 27,441
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of goodwill, purchased intangibles and deferred compensation	79,440	113,482
Depreciation	29,607	31,980
Net loss from marketable securities and other investments	75,803	10,622
Loss on impairment of long-lived asset	—	27,000
Loss on disposal of property and equipment	—	1,954
Cumulative effect of accounting change	(23,857)	—
Deferred income tax (benefit) expense	45,463	(95)
Gain on divestiture	(1,639)	—
Tax benefit from employee stock options	—	23,697
Changes in assets and liabilities:		
Accounts receivable	(185,794)	(234,225)
Mortgage loans	(28,254)	(144,784)
Prepaid expenses and other current assets	(15,290)	(21,902)
Accounts payable	28,814	33,711
Escrow liabilities	7,610	14,533
Drafts payable	27,199	7,444
Deferred revenue	35,637	17,804
Income taxes payable	(57,862)	(40,570)
Other accrued liabilities	58,858	104,095
Minority interest	147	—
Net cash provided by (used in) operating activities	68,679	(27,813)
Cash flows from investing activities:		
Change in other assets	(1,254)	1,944
Purchases of property and equipment	(45,964)	(31,553)
Proceeds from the sale of marketable securities	24,855	5,094
Purchases of short-term investments	(1,878,887)	(844,471)
Liquidation and maturity of short-term investments	1,829,315	960,169
Acquisitions of businesses, net of cash acquired	(94,130)	(7,532)
Purchases of long-term investments	(1,457)	—
Net cash (used in) provided by investing activities	(167,522)	83,651
Cash flows from financing activities:		
Principal payments on long-term debt and notes payable	—	(2,213)
Principal proceeds on long-term debt, net	2,446	—
Net payment under warehouse line of credit	(199)	—
Net proceeds from issuance of common stock	57,050	57,612
Purchase of treasury stock	—	(74,268)
Net cash provided by (used in) financing activities	59,297	(18,869)
Effect of foreign currency translation	—	1,482
Net (decrease) increase in cash and cash equivalents	(39,546)	38,451
Cash and cash equivalents at beginning of period	416,953	450,104
Cash and cash equivalents at end of period	$ 377,407	$ 488,555

See accompanying notes.

INTUIT INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Summary of Significant Accounting Policies

Basis of Presentation

Intuit Inc. ("Intuit") has prepared the accompanying unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles for interim financial statements. The 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.

We have included all normal recurring adjustments considered necessary to give a fair presentation of our operating results for the periods shown. Results for the three and six months ended January 31, 2002 do not necessarily indicate the results to be expected for the fiscal year ending July 31, 2002 or any other future period. These statements and accompanying notes should be read together with the audited consolidated financial statements for the fiscal year ended July 31, 2001 included in Intuit's Form 10-K, filed with the Securities and Exchange Commission on October 5, 2001.

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. Estimates are used for product returns and exchanges, reserves for rebates, the collectibility of accounts receivable, deferred taxes and other amounts. We also use estimates to determine the remaining economic lives and carrying value of goodwill, purchased intangibles, fixed assets and other long-lived assets. Despite our intention to establish accurate estimates and assumptions, actual results may differ from our estimates.

Net Revenue

For our shrink-wrapped software products, we recognize revenue when we ship products (which is when title passes) — either to retailers or directly to end user customers. We recognize revenue only if payment is probable and we have no significant remaining obligations to the customer. We recognize revenue net of returns reserves based on historical returns experience. 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 payroll processing and payroll tax filing services as the services are performed, provided we have no other obligations. We generally require customers to remit payroll and payroll tax liability funds to us in advance of the applicable payroll due date, via electronic funds transfer. We include in total net revenue the interest earned on invested balances resulting from timing differences between the collection of these funds from customers and the remittance of such funds to outside parties, because this interest income represents an integral part of the revenue generated from our services. We recognize this interest as it is earned. However, interest income generated from our cash and cash equivalents balance is included in other income because this interest income does not result from our operating activities.

We defer loan origination revenue and the associated commissions and processing 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 interest income on mortgage loans held for sale as it is earned, and we recognize interest expenses on related borrowings as cost of revenue as we incur them.

We also offer several plans under which customers are charged for technical support assistance. For plans where we collect fees in advance, we recognize revenue over the life of the plan, which is generally one year. We include costs incurred for fee-for-support plans in cost of revenue.

We recognize revenue from other products and services when it is earned based on the nature of the particular product or service. For products and services that we provide over a period of time, we recognize revenue pro rata based on the contractual time period. However, where we provide or deliver the product or service at a specific point in time, we recognize revenue upon delivery of the product or completion of the service.

Shipping and Handling Costs

Costs incurred with the shipping and handling of our shrink-wrapped software products are recorded as cost of products in our results of operations.

Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries through Web sites and other electronic means and providing free technical support assistance to customers by telephone. In connection with the sale of certain products, we provide a limited amount of free technical support assistance to customers. We do not defer the recognition of any revenue associated with sales of these products, since the cost of providing this free technical support and related customer service is insignificant. The technical support is provided within one year after the associated revenue is recognized and free product enhancements are minimal and infrequent. We accrue the estimated cost of providing this free support upon product shipment.

Cash and Cash Equivalents and Short-Term Investments

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Short-term investments consist of available-for-sale debt securities that are carried at fair value. Available-for-sale debt 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 businesses. Because of our significant business seasonality, cash flow requirements may fluctuate dramatically from quarter to quarter and require us to use a significant amount of the short-term investments held as available-for-sale securities. See Note 2 for more information about cash and cash equivalents and short-term investments.

Marketable Securities and Other Investments

Our available-for-sale marketable securities are carried at fair value and we include unrealized gains and losses, net of tax, in stockholders' equity. We use the specific identification method to account for gains and losses on marketable equity securities. Our other long-term investments are stated at cost. See Note 3 for more information about our marketable securities and other investments.

Goodwill, Purchased Intangible Assets and Other Long-lived Assets

We record goodwill when the purchase price of net tangible and intangible assets we acquire exceeds their fair value. We amortize goodwill on a straight-line basis over periods ranging from 3 to 5 years. We generally amortize the cost of identified intangibles on a straight-line basis over periods ranging from 1 to 15 years.

We regularly perform reviews to determine if the carrying values of our long-lived assets are impaired. The reviews look for facts or circumstances, either internal or external, that indicate that the carrying value of the asset may not be recovered.

We measure impairment loss related to long-lived assets based on the amount by which the carrying amount of such assets exceeds their fair values. Our measurement of fair value is generally based on an analysis of future discounted cash flows. In performing this analysis, we use the best information available in the circumstances, including reasonable and supportable assumptions and projections. The discounted cash flow analysis considers the likelihood of possible outcomes and is based on our best estimate of projected future cash flows. If necessary, we perform subsequent calculations 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 market values for the assets were not available, we would calculate the fair value using the present value of estimated expected future discounted cash flows. The cash flow calculations, including the discount rate, would be based on management's best estimates, using appropriate assumptions and projections at the time. In June 2001, the Financial Accounting Standards Board ("FASB") issued FAS 142, "*Goodwill and Other Intangible Assets*." In October 2001, the FASB issued SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets."* We intend to implement both FAS 142 and FAS 144 beginning in the first quarter of fiscal 2003. See *"Recent Pronouncements"* below for more information.

Concentration of Credit Risk

We operate in markets that are highly competitive and rapidly changing. Significant technological changes, changes in customer requirements, the emergence of competitive products or services with new capabilities and other factors could negatively impact our operating results.

We are also subject to risks related to changes in the values of our marketable securities and private equity investments. See Note 3 for a discussion of risks associated with these assets. Our remaining investment portfolio is diversified and consists primarily of short-term investment-grade securities.

We sell a significant portion of our products through third-party resellers and distributors and, as a result, maintain one individually significant receivable balance with a major distributor. If the financial condition or operations of this distributor deteriorates substantially, our operating results could be adversely affected. We also face risks related to the collectibility of our trade accounts receivable. As of January 31, 2002, two of our major retail customers collectively accounted for approximately 20% of our accounts receivable balance. To appropriately manage this risk, we perform ongoing evaluations of customer credit. Generally, we do not require collateral. We maintain reserves for estimated credit losses and these losses have historically been within our expectations. However, since we cannot predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate.

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.

Loan commitments subject us to market risks and credit risks. Market risk is the risk that interest rates may rise after a loan commitment is made. To offset this risk on conventional mortgage loans and government-insured loans that are in process, we utilize mandatory forward sale commitments. At January 31, 2002, we had $261.6 million in mandatory forward sale commitments for future delivery of mortgages to Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. Loan commitments also involve credit risk relating to the customer. We use the same credit policies for making credit commitments as we do for the underlying loan product. See Note 5 for more information on loan commitments.

Recent Pronouncements

On June 29, 2001, the FASB issued Statements of Financial Accounting Standards No. 141 (SFAS 141), "*Business Combinations,*" and No. 142 (SFAS 142), "*Goodwill and Other Intangible Assets*."

SFAS 141 supersedes APB Opinion No. 16, "*Business Combinations,*" and eliminates the pooling-of-interests method of accounting for business combinations, thus requiring that all business combinations be accounted for using the purchase method. The requirements of SFAS 141 apply to all business combinations initiated after June 30, 2001.

SFAS 142 supercedes APB Opinion No. 17, "*Intangible Assets,*" and provides that goodwill and other intangible assets that have an indefinite useful life will no longer be amortized. However, these assets must be reviewed at least annually for impairment. SFAS 142 applies to all business combinations completed after June 30, 2001. For business combinations completed before July 1, 2001, we will adopt SFAS 142 effective August 1, 2002. We are currently evaluating the impact of SFAS 142 on our financial position and statement of operations. We expect the adoption of SFAS 142 to reduce our ongoing quarterly amortization of goodwill expense significantly, commencing with the first quarter of fiscal 2003. However, it is possible that in the future, we would incur less frequent, but larger, impairment charges related to the goodwill already recorded, as well as goodwill arising out of future acquisitions as we continue to expand our business.

In October 2001, the FASB issued SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* which applies to financial statements issued for fiscal years beginning after December 15, 2001. SFAS 144 supersedes FASB Statement 121, *"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of,"* and portions of APB Opinion 30, *"Reporting the Results of Operations."* SFAS 144 provides a single accounting model for long-lived assets we expect to dispose of and significantly changes the criteria for classifying an asset as held-for-sale. This classification is important because held-for-sale assets are not depreciated and are stated at the lower of fair value or carrying amount. SFAS 144 also requires expected future operating losses from discontinued operations to be displayed in the period(s) in which the losses are actually incurred, rather than when the amount of the loss is estimated, as presently required. We will adopt SFAS 144 effective August 1, 2002 and do not expect the adoption of SFAS 144 to have a material impact on our consolidated financial statements.

In November 2001, the Emerging Issues Task Force ("EITF") released Issue No. 01-09, "*Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Product*," which applies to annual or interim financial statement periods beginning after December 15, 2001. The release provides that cash consideration (including sales incentives) that we give to our customers or resellers should be accounted for as a reduction of revenue unless we receive a benefit that is identifiable and that can be reasonably estimated. We will adopt this new release prospectively to transactions beginning in the third quarter of fiscal 2002. We do not expect the adoption of EITF Issue No. 01-09 to have a material impact on our total net revenue.

Foreign Currency

The functional currency of all our foreign subsidiaries is the local currency. Assets and liabilities of our foreign subsidiaries 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 are included in the consolidated statement of operations and were immaterial in all periods presented.

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2. Cash and Cash Equivalents and Short-Term Investments

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

(In thousands)	July 31, 2001	January 31, 2002
Cash and cash equivalents:		
Cash	$ 33,427	$ 50,529
Certificates of deposit	5,600	5,200
Money market funds	406,077	430,327
Commercial paper and corporate notes	—	2,499
Municipal bonds	5,000	—
	$ 450,104	$ 488,555
Short-term investments:		
Corporate notes	$ 63,723	$ 44,221
Municipal bonds	1,030,442	943,565
U.S. Government securities	25,140	17,043
	$1,119,305	$1,004,829

The following table outlines the estimated fair value of Intuit's available-for-sale debt securities held in short-term investments classified by the maturity date of the security:

(In thousands)	July 31, 2001	January 31, 2002
Due within one year	$ 215,205	$ 237,785
Due within two years	221,620	178,583
Due within three years	—	4,000
Due after three years	682,480	584,461
	$1,119,305	$1,004,829

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3. Marketable Securities and Other Investments

We held the following available-for-sale securities at July 31, 2001 and January 31, 2002. The cost basis reflects adjustments for other-than-temporary impairments in value as well as sales of securities:

(In thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
July 31, 2001				
Checkfree Corporation common stock	$35,621	$37,215	$ —	$72,836
S1 Corporation common stock	7,741	2,714	—	10,455
	$43,362	$39,929	$ —	$83,291
January 31, 2002				
Checkfree Corporation common stock	$35,621	$ —	$(628)	$34,993
S1 Corporation common stock	4,924	2,812	—	7,736
	$40,545	$ 2,812	$(628)	$42,729

We also held investments in At Home Corporation (which did business as Excite@Home) and 724 Solutions as of July 31, 2001. We designated those investments as trading securities and fluctuations in the market value of these shares were reported in the consolidated statement of operations. We sold all of the shares of these securities during the first quarter of fiscal 2002.

Our remaining marketable securities, which are quoted on the Nasdaq Stock Market, are stocks of high technology companies whose market prices have been extremely volatile and have declined substantially during the past two years. These declines have resulted, and could continue to result, in a material reduction in the carrying value of these assets. This has a negative impact on our operating results. If these securities experience further declines in fair value that are considered other-than-temporary, we will reflect the additional loss in our consolidated statement of operations in the period when the subsequent impairment becomes apparent.

The fair values of our long-term investments have also declined substantially since our initial investments due to the volatility and economic downturn in the high technology industry.

During the six months ended January 31, 2002, we sold 280,000 shares of S1 Corporation and recognized realized gains of $1.9 million. This gain was offset by a realized loss of $1.9 million recorded in connection with the sale of our options to purchase additional shares of S1. In addition, we sold 37,906 shares of 724 Solutions and 1,533,504 shares of Excite@Home and recognized aggregate losses of $1.6 million during the six months ended January 31, 2002. For our long-term investments, we recorded losses of $3.3 million for other-than-temporary declines in value and $5.7 million to reflect the declines in valuation. This resulted in combined net losses on marketable securities and other investments of $10.6 million for the six months ended January 31, 2002.

During fiscal 2001, we adopted FAS 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 on the balance sheet and record those instruments at fair value. In May 1999, we completed a $50 million investment (970,813 shares) in Security First Technologies, now known as S1 Corporation ("S1"). In connection with this agreement, we received options to purchase 4.8 million additional shares of S1 common stock, at a per-share purchase price of $51.50. These options contained a net-exercise feature. In August 2000, we recorded the cumulative effect of the change in accounting for derivatives for our 4.8 million S1 options held in long-term investments. This resulted in a one-time cumulative effect of $14.3 million, net of income taxes totaling $9.5 million. FAS 133 requires the derivatives to be carried at fair value, so subsequent fluctuations in the fair value of these options were included in our net loss. For the three and six months ended January 31, 2001 these fluctuations resulted in a loss of $2.4 million and $10.0 million net of income taxes, which decreased the basic and diluted net loss per share for the periods by $0.01 and $0.05 per share. During the first quarter of fiscal 2002, we sold these options and recorded a realized loss of $1.9 million.

4. Goodwill and Intangible Assets

Goodwill and purchased intangible assets consisted of the following at the dates indicated:

		Net balance at	
(In thousands)	Life in Years	July 31, 2001	January 31, 2002
Goodwill	3-5	$326,986	$269,270
Customer lists	3-5	53,423	45,302
Covenants not to compete	3-5	3,060	3,600
Purchased technology	1-5	24,078	23,033
Assembled workforce	2-5	3,598	2,605
Trade names and logos	1-15	4,189	4,790
		$415,334	$348,600

Balances presented above are net of total accumulated amortization of $598.1 million at July 31, 2001 and $490.4 million at January 31, 2002.

As discussed in Note 1, we regularly perform reviews to determine if there are events or circumstances that indicate the carrying values of our goodwill and intangible assets may be impaired. During the three months ended January 31, 2002, events and circumstances indicated impairment of goodwill and intangible assets that we received in connection with our acquisitions of the Internet-based advertising business that we acquired from Venture Finance Software Corp. in August 2000 and the Site Solutions business that we acquired from Boston Light Corp. in August 1999.

Indicators of impairment for our Internet-based advertising business included a steep decline in demand for online advertising reflecting the industry-wide decline in Internet advertising spending and management's assessment that revenues and profitability would continue to decline in the future based on analyses and forecasts completed during the second quarter of fiscal 2002. The primary indicator of impairment for our Site Solutions business was management's decision to transfer the customer base of Site Solutions and collaborate with a third party. This collaboration eliminated our use of technology purchased from Boston Light and was effective during the second quarter of fiscal 2002.

In each case, we measured the impairment loss based on the amount by which the carrying amount of the assets exceeded their fair value based on lower projected profits and decreases in cash flow. Our measurement of fair value was based on an analysis of the future discounted cash flows as discussed in Note 1. Based on our analyses, we recorded charges of $22.6 million ($17.4 million to acquisition-related charges and $5.2 million to amortization of purchased software) to reduce the carrying value of the assets associated with our Internet-based advertising business to zero, and a charge of $4.7 million ($4.6 million to acquisition-related charges and $0.1 million to amortization of purchased software) to reduce the carrying value of assets relating to our Site Solutions business to zero. These businesses were included in our Personal Finance and Small Business Divisions.

We classify the following expenses as acquisition-related charges in our consolidated statements of operations:

	Six Months Ended	
	January 31, 2001	January 31, 2002
(In thousands)		
Amortization of goodwill	$68,624	$ 64,289
Amortization of purchased intangibles	11,726	13,807
Amortization of acquisition-related deferred compensation	2,330	3,084
Impairment charges	—	22,006
Other	73	—
	$82,753	$103,186

5. Loan Commitments

The following table summarizes loan commitments to extend credit at July 31, 2001 and January 31, 2002:

	July 31, 2001		January 31, 2002	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
(In thousands)				
Conventional prime loans	$303,100	$72,500	$559,600	$194,200
Sub-prime loans	4,300	1,200	3,500	2,300
	$307,400	$73,700	$563,100	$196,500

6. Per Share Data

We compute basic income or loss per share using the weighted average number of common shares outstanding during the period. We compute diluted income or loss per share 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. In loss periods, basic and dilutive loss per share is identical since the impact of common equivalent shares is anti-dilutive.

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7. Comprehensive Net Income (Loss)

SFAS 130, "*Reporting Comprehensive Income,*" establishes standards for reporting and displaying comprehensive net income and its components in stockholders' equity. However, it has no impact on our net income or loss as presented in our financial statements. SFAS 130 requires foreign currency translation adjustments and changes in the fair value of available-for-sale securities and short-term investments to be included in comprehensive income (loss).

The components of accumulated other comprehensive income, net of income taxes, are as follows:

Six months ended January 31, 2001	Marketable Securities	Short-term Investments	Foreign Currency Translation	Total
(In thousands)				
Beginning balance gain, net of income taxes	$ 58,561	$ —	$(2,975)	$ 55,586
Unrealized gain, net of income taxes of $5,154	7,731	—	—	7,731
Reclassification adjustment for realized gain included in net loss, net of income tax benefit of $4,685	(7,027)	—	—	(7,027)
Translation adjustment gain	—	—	1,106	1,106
Ending balance, net of income taxes of $469	$ 59,265	$ —	$(1,869)	$ 57,396
Six months ended January 31, 2002				
(In thousands)				
Beginning balance gain, net of income taxes	$ 23,958	$ 4,686	$ (464)	$ 28,180
Unrealized loss, net of income tax benefit of $14,588 and $915	(21,882)	(1,372)	—	(23,254)
Reclassification adjustment for realized gain included in net income, net of income tax benefit of $510	(766)	—	—	(766)
Translation adjustment gain	—	—	1,317	1,317
Ending balance, net of income tax benefit of $16,013	$ 1,310	$ 3,314	$ 853	$ 5,477

The following table of comprehensive income (loss) shows the gross current period gain (loss) on marketable securities and short-term investments and the reclassification of adjustments:

(in thousands)	Three Months Ended January 31, 2001	Six Months Ended January 31, 2001	Three Months Ended January 31, 2002	Six Months Ended January 31, 2002
Net income (loss)	$ 26,562	$ (7,203)	$ 119,868	$ 27,441
Other comprehensive income (loss):				
Change in unrealized gain (loss) on marketable securities	34,278	704	2,135	(22,648)
Change in unrealized gain on short-term investments	—	—	(570)	(1,372)
Change in foreign currency translation adjustments	1,169	1,106	2,076	1,317
	$ 62,009	$ (5,393)	$ 123,509	$ 4,738

8. Acquisition

On November 2, 2001, we acquired substantially all of the assets of OMware, Inc. (“OMware”) for $35.5 million in Intuit stock, approximately $2.6 million in acquisition costs and up to $8 million in Intuit stock to be issued contingent upon the achievement of certain future performance objectives by the business unit. Pursuant to separate agreements, Intuit will pay up to $2 million in cash over two years as part of a senior management performance program. These amounts will be recorded as compensation expense as amounts are earned. We accounted for the acquisition of OMware as a purchase for accounting purposes and allocated approximately $35.6 million to identified intangible assets and goodwill. The identified intangible assets are being amortized over five years.

9. Loss on Impairment of Long-lived Asset

In connection with the sale of our Quicken Bill Manager business in May 2001, we recorded a $27 million long-term asset related to future consideration from the purchasing company, which was recorded as “other assets” on the balance sheet. We were entitled to cash and/or shares of the purchaser’s common stock beginning in February 2002. As discussed in Note 1, we regularly perform reviews to determine if the carrying values of our long-lived assets are impaired. The reviews look for facts or circumstances, either internal or external, that indicate that the carrying value of an asset cannot be recovered. During the three months ended October 31, 2001, events and circumstances indicated impairment of this asset. These indicators included the deterioration of the purchasing company’s financial position (including cash flows and liquidity) and the decreased likelihood that it would receive future funding. We considered the implied fair value of our investment based on the purchasing company’s most recent round of planned funding, as well as the fair value of our investment if funding were received. Based on our analysis we recorded a charge of $27 million in the first quarter of fiscal 2002 to reduce the carrying value of this asset to its fair value of zero.

10. Borrowings

As of January 31, 2002, we had one mortgage line of credit with no amounts outstanding. Advances may be drawn for working capital and sub-prime and conventional prime mortgage loans, with the maximum amount based on a formula computation. Advances are due on demand and are collateralized by residential first and second mortgages. Interest is paid on a monthly basis. The maximum outstanding balance permitted under this line is $20 million.

Drafts payable represent funds advanced for mortgages originated.

11. Industry Segment and Geographic Information

SFAS 131, “*Disclosures about Segments of an Enterprise and Related Information,*” establishes standards for companies to disclose certain information about operating segments in the company’s financial reports. Consistent with SFAS 131, we have determined our five operating segments, described below, based on factors such as how we managed our operations and how our chief operating decision maker viewed results.

Intuit does not track assets by operating segments. Consequently, we do not disclose assets by operating segments. The following unaudited results for the six months ended January 31, 2001 and 2002 are broken out by our operating segments. Prior period information has been reclassified to conform to the current period financial presentation for comparability.

Six months ended January 31, 2001 *(In thousands)*	**Small Business Division**	**Tax Division**	**Personal Finance Division**	**Quicken Loans Division**	**Global Business Division**	**Other (1)**	**Consolidated**
Product revenue	$196,594	$193,982	$59,772	$ —	$41,727	$ —	$ 492,075
Service revenue	42,433	13,003	6,026	37,022	13,509	—	111,993
Other revenue	9,712	2,717	27,186	—	1,399	—	41,014
Total net revenue	248,739	209,702	92,984	37,022	56,635	—	645,082
Segment operating income	91,371	82,413	21,581	1,497	8,369	—	205,231
Common expenses	—	—	—	—	—	(112,233)	(112,233)
Sub-total operating income (loss)	91,371	82,413	21,581	1,497	8,369	(112,233)	92,998
Realized net losses on marketable securities	—	—	—	—	—	(75,803)	(75,803)
Acquisition-related costs	—	—	—	—	—	(89,598)	(89,598)
Interest and other income and expense, net	—	—	—	—	—	32,666	32,666
Gain on divestiture	—	—	—	—	—	1,639	1,639
Net income (loss) before taxes, minority interest and cumulative accounting change	$ 91,371	$ 82,413	$21,581	$ 1,497	$ 8,369	$(243,329)	$ (38,098)

Six months ended January 31, 2002 *(In thousands)*	**Small Business Division**	**Tax Division**	**Personal Finance Division**	**Quicken Loans Division**	**Global Business Division**	**Other (1)**	**Consolidated**
Product revenue	$214,243	$223,718	$55,318	$ —	$44,131	$ —	$ 537,410
Service revenue	60,739	11,080	4,674	96,532	10,392	—	183,417
Other revenue	3,163	1,479	26,997	—	3,545	—	35,184
Total net revenue	278,145	236,277	86,989	96,532	58,068	—	756,011
Segment operating income	90,378	90,592	28,943	38,010	11,821	—	259,744
Common expenses	—	—	—	—	—	(119,986)	(119,986)
Sub-total operating income (loss)	90,378	90,592	28,943	38,010	11,821	(119,986)	139,758
Realized net losses on marketable securities	—	—	—	—	—	(10,622)	(10,622)
Acquisition-related costs	—	—	—	—	—	(112,063)	(112,063)
Loss on impairment of long-lived asset	—	—	—	—	—	(27,000)	(27,000)
Interest and other income and expense, net	—	—	—	—	—	20,323	20,323
Net income (loss) before taxes minority interest and cumulative accounting change	$ 90,378	$ 90,592	$28,943	$38,010	$11,821	$(249,348)	$ 10,396

(1) Other includes reconciling items such as acquisition-related costs, including amortization of purchased software and charges for purchased research and development, and other common costs not allocated to specific segments.

12. Notes Payable and Commitments

In March 2001, our Japanese subsidiary, Intuit KK, refinanced its one-year loan agreement with a Japanese bank for approximately $27.8 million. The loan is denominated in Japanese yen. The interest rate is variable based on the Tokyo inter-bank offered rate or the short-term prime rate offered in Japan. At January 31, 2002, the rate was approximately 0.59%. 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 through March 2002.

13. Income Taxes

Intuit computes the provision (benefit) for income taxes by applying the estimated annual effective tax rate to recurring operations and other taxable items. Our effective tax rate for the second quarter and the first six months of fiscal 2002 differs from the federal statutory rate primarily because of a tax benefit related to a divestiture that became available during the three months ended January 31, 2002.

14. Stockholders' Equity

Stock Repurchase Program

In May 2001, Intuit's Board of Directors authorized the company to repurchase up to $500 million of common stock from time to time in the open market over a three-year period. The stock repurchase program is intended to help offset some of the dilution resulting from the issuance of shares under Intuit's employee stock plans. During the six months ended January 31, 2002, we had repurchased approximately 1,780,500 shares of our common stock under this program (which became treasury shares) for an aggregate cost of approximately $74.3 million. During this period we reissued 1,837,916 shares of treasury stock in connection with employee stock plans, which were valued at $78.0 million (using the average purchase price per Intuit share).

Repurchases through January 31, 2002 have had no significant impact upon our income or loss per share. Intuit intends to continue using its cash and cash equivalents to fund these repurchases.

15. 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. The Bruce and Newby lawsuits were consolidated into one lawsuit, In re Intuit Privacy Litigation, filed on July 28, 2000 in the United States District Court of California, Eastern Division. Following Intuit's successful motion to dismiss several of the claims, an amended complaint was filed on May 2, 2001. A similar lawsuit, Almanza v. Intuit Inc. was filed on March 22, 2000 in the Superior Court of the State of California, San Bernardino County, Rancho Cucamonga Division. An amended complaint in the Almanza suit was filed on October 26, 2000. These purported class actions alleged 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 Web site. The complaints sought injunctive relief, orders to disgorge profits related to the alleged acts, and statutory and other damages. In August 2001, Intuit and the plaintiffs' counsel in all of the cases except Rubin reached an agreement in principle to resolve the cases, subject to court approval, based on terms that are not material to Intuit. The Rubin case was dismissed on November 19, 2001.

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.

ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautions about Forward Looking Statements

Throughout this Form 10-Q, 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," "will," "should," "plans," "believes," "predicts," or "continue," and other similar terms. These statements include statements about the seasonality of our businesses, the trends we see in the revenue from our desktop software products and Quicken Loans, our projected costs and expenses, the effect of our new distribution arrangements in the retail channel and our capital needs. The section "Risks That Could Affect Future Results" also contains forward-looking statements. These forward-looking statements involve risks and uncertainties and our actual results could differ materially. We cannot guarantee future results or that current expectations will be accurate, and we will not update information in this Form 10-Q if any forward-looking statement later turns out to be inaccurate. 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," at the end of Item 2. You should read Item 2 in conjunction with the Consolidated Financial Statements and related Notes in Part I, Item 1 of this Form 10-Q and our fiscal 2001 Form 10-K. We encourage you to read these sections carefully.

Overview

Intuit's mission is to revolutionize how people manage their financial lives, and how small businesses and accounting professionals manage their businesses. We are the leading provider of small business accounting, tax preparation and personal finance software products and Web-based services that simplify complex financial tasks for consumers, small businesses and accounting professionals. Our principal products and services include Quicken®, QuickBooks®, Quicken TurboTax®, ProSeries®, Lacerte® and Quicken Loans®.

Our businesses are highly seasonal – particularly our tax business, but also small business and personal finance to a lesser extent. Sales of tax products are heavily concentrated in the period from November through April. Sales of personal finance and small business products are typically strongest during the calendar 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 total net revenue is usually highest during our second and third fiscal quarters. We typically report a loss in our first and fourth quarters when revenue from our seasonal businesses is relatively lower, but operating expenses to develop new products and services continue at relatively consistent levels. 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.

Critical Accounting Policies

In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our net revenue, operating income and net income, as well as on the value of certain assets on our balance sheet. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. See Note 1 of the financial statements for more information about these critical accounting policies, as well as descriptions of other significant accounting policies.

- Net Revenue – Return and Rebate Reserves. As part of our revenue recognition policy, we estimate future product returns and rebate payments. These estimates determine our revenue reserves. We make these estimates based primarily on our past return and rebate experience. We also consider the volume and price mix of products in the retail channel, trends in retailer inventory, economic trends that might impact customer demand for our products (including the competitive environment), the economic value of the rebates being offered and other factors. In the past, actual returns and rebates have not generally exceeded our reserves. However, actual returns and rebates in any future period are inherently uncertain. If we changed our assumptions and estimates, our revenue reserves would change, which would impact the net revenue we report. In addition, if actual returns and rebates are significantly greater than the reserves we have established, the actual results would decrease our reported revenue. Conversely, if actual returns and rebates are significantly less than our reserves, this would increase our reported revenue.

- Goodwill, Purchased Intangibles and Other Long-Lived Assets – Impairment Assessments. Under current accounting standards, that are to be modified at the start of our next fiscal year, we make judgments about the remaining useful lives of goodwill, purchased intangible assets and other long-lived assets whenever events or changes in circumstances indicate an other than temporary impairment in the remaining value of the assets recorded on our balance sheet. In order to judge the remaining useful life of an asset, we make various assumptions about the value of the asset in the future. This may include assumptions about future prospects for the business that the asset relates to and typically involves computations of the estimated future cash flows to be generated by these businesses. Based on these judgments and assumptions, we determine whether we need to take an impairment charge to reduce the value of the asset stated on our balance sheet to reflect its actual fair value. Judgments and assumptions about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Although we believe the judgments and assumptions we have made in the past have been reasonable and appropriate, different judgments and assumptions could materially impact our reported financial results. More conservative assumptions of the anticipated future benefits from these businesses would result in greater impairment charges, which would decrease net income and result in lower asset values on our balance sheet. Conversely, less conservative assumptions would result in smaller impairment charges, higher net income and higher asset values. See Notes 1 *"Goodwill, Purchased Intangible Assets and Other Long-lived Assets"*, 4 and 9, for more details about how we make these judgments.

- Concentration of Credit Risk – Reserves for Uncollectible Accounts Receivable. We make ongoing assumptions relating to collectibility of our accounts receivable. The accounts receivable amount on our balance sheet includes a reserve for accounts that might not be paid. In determining the amount of the reserve, we consider our historical level of credit losses. We also make judgments about the creditworthiness of significant customers based on ongoing credit evaluations, and we assess current economic trends that might impact the level of credit losses in the future. Our credit losses have generally been less than our reserve. However, since we cannot predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate. If actual credit losses are significantly greater than the reserve we have established, that would increase our general and administrative expenses and reduce our reported net income. Conversely, if actual credit losses are significantly less than our reserve, this would eventually decrease our general and administrative expenses and increase our reported net income. See Note 1 of the financial statements "*Concentration of Credit Risk*" for more details about our accounts receivable.

- Income Taxes – Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance. When we prepare our consolidated financial statements, we must estimate our income taxes in each jurisdictions where we conduct business. This requires us to estimate our actual current tax exposure and to assess temporary differences that result from differing treatment of certain items (such as deferred revenue) for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are shown on our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent we believe that recovery is not likely, we must establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we must record a tax expense in our statement of operations.

Significant management judgment is required to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Our net deferred tax asset as of January 31, 2002 was $236.5 million, net of the valuation allowance of $11.4 million. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets (primarily consisting of certain net operating losses carried forward by our non-US subsidiaries) before they expire. The valuation allowance is based on our estimates of taxable income by the jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. If actual results differ from these estimates or if we adjust these estimates in future periods, we may need to establish an additional valuation allowance, which could materially reduce our net income.

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Results of Operations

We have categorized the following total net revenue discussion by our business divisions. The table below shows each business division's percentage of our total net revenue for the three and six month periods ended January 31, 2001 and 2002. Information for fiscal 2001 has been reclassified to conform to fiscal 2002 financial presentation for comparability. See Note 11 of the financial statements for additional information about our business segments, which correspond to the business divisions described below.

Total Net Revenue	**Q2 FY01**	**% Total Net Revenue**	**Q2 FY02**	**% Total Net Revenue**	**Q2 % Change**	**YTD FY01**	**% Total Net Revenue**	**YTD FY02**	**% Total Net Revenue**	**YTD % Change**
(Dollars in millions)										
Small Business										
Product	$127.5		$141.0			$196.6		$214.2		
Service	23.6		34.4			42.5		60.7		
Other	4.9		1.0			9.7		3.2		
Subtotal	156.0	34%	176.4	32%	13%	248.8	39%	278.1	37%	12%
Tax										
Product	183.0		215.5			194.0		223.8		
Service	10.7		8.5			13.0		11.1		
Other	2.7		1.3			2.7		1.4		
Subtotal	196.4	43%	225.3	41%	15%	209.7	33%	236.3	31%	13%
Personal Finance										
Product	29.8		30.5			59.8		55.3		
Service	4.3		1.8			6.0		4.7		
Other	12.3		14.9			27.2		27.0		
Subtotal	46.4	10%	47.2	9%	2%	93.0	14%	87.0	11%	(6%)
Quicken Loans										
Product	—		—			—		—		
Service	20.1		56.5			37.0		96.5		
Other	—		—			—		—		
Subtotal	20.1	4%	56.5	10%	181%	37.0	5%	96.5	13%	161%
Global Business										
Product	32.0		35.8			41.7		44.1		
Service	5.8		5.4			13.5		10.4		
Other	0.9		0.6			1.4		3.6		
Subtotal	38.7	9%	41.8	8%	8%	56.6	9%	58.1	8%	3%
Total net revenue	**$457.6**	**100%**	**$547.2**	**100%**	**20%**	**$645.1**	**100%**	**$756.0**	**100%**	**17%**

Small Business Division

Small Business Division product revenue is derived primarily from QuickBooks desktop software products, financial supplies and our Basic payroll service. Small Business Division services revenue is derived primarily from our Deluxe and Premier payroll services and QuickBooks support plans.

Small Business Division total net revenue increased 13% in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. Payroll revenue increased 32% from period to period. This increase reflected more than 40% revenue growth for the Basic and Deluxe offerings, with revenue for the Premier service roughly flat. Price increases accounted for a significant portion of the Basic and Deluxe revenue growth, although the number of customers for both offerings also increased by approximately 14%. Payroll revenue growth is expected to be slower during the second half of fiscal 2002 compared to the first half of fiscal 2002. See “Risks that Could Affect Future Results,” at the end of this Item 2.

Second quarter revenue growth for the division also reflected strong growth from QuickBooks support plans. In August 2001, we began offering several higher-end support plans, which resulted in a significantly higher average selling price. Financial supplies revenue also increased moderately during the quarter.

QuickBooks revenue during the second quarter of fiscal 2002 remained flat compared to the same period last year, reflecting declining end-of-life sales for our older QuickBooks 2001 products during the second quarter, as well as lower unit sales of our new QuickBooks 2002 products to retailers during the second quarter compared to sales of QuickBooks 2001 in the same quarter last year. In response to retailers’ desires to hold less inventory and obtain replenishments more quickly, we improved our inventory management and replenishment capabilities. One consequence of these changes was that we shipped fewer units of QuickBooks 2002 to retailers compared to shipments of QuickBooks 2001 during the same period last year. Because we primarily recognize revenue for retail sales when we ship products to retailers (see Note 1 of the financial statements), lower shipments to retailers resulted in less revenue compared to the same period last year. Notwithstanding the revenue decline, customer purchases of all versions of our new QuickBooks 2002 products were strong, both in the retail channel and from direct sales. Units were up more than 20% and dollars increased more than 45% compared to QuickBooks 2001 purchases last year during the same launch-to-date period. Although these are early positive indicators of future revenue growth, it is too early to predict results for the full fiscal year.

Small Business Division total net revenue for the first six months of fiscal 2002 increased 12% compared to the first six months of fiscal 2001. Payroll had strong revenue growth reflecting price increases as well as some unit growth. QuickBooks support revenue also increased. These increases were partially offset by a 3% decline in QuickBooks revenue, reflecting a decline in units, partially offset by increased average selling prices.

Tax Division

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

Tax division total net revenue increased 15% in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. Revenue from our professional tax preparation products increased 28%, with about half of the growth resulting from our acquisition of Tax and Accounting Software Corporation in April 2001. Our recent efforts to reduce the sharing of professional tax products (by hard-coding the purchasing tax preparer’s name in the software) also contributed to revenue growth. The revenue growth also resulted from higher average selling prices for our ProSeries and Lacerte unlimited-use products.

We launched our consumer desktop tax preparation products on schedule and products reached retail shelves in late November 2001. Revenue from our consumer tax business increased 3% in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. Revenue from TurboTax for the Web more than doubled, reflecting a significant price increase as well as some unit growth. Electronic filing units were also up. Revenue from TurboTax desktop products increased only slightly resulting from price increases. From fiscal 2000 to 2001, we saw an increasing portion of our annual growth during the third quarter, and we expect that trend to continue this year. This trend results in part from more customers using our Web-based tax offerings, which have revenue peaks later in the season. In recent years retail sales have also shifted to later in the tax season. Given this trend, it is too early to predict results for the full tax season.

Revenue patterns for the Tax Division for the year-to-date periods were essentially identical to the second quarter trends described above, as we generate only minimal tax revenue during the first quarter of each fiscal year.

Personal Finance Division

Personal Finance Division product revenue is derived primarily from Quicken desktop products. Personal Finance Division services revenue is minimal. Other revenue consists of Quicken.com and online transactions revenue.

Personal Finance Division total net revenue increased 2% in the second quarter of fiscal 2002 from the second quarter of fiscal 2001. The increase reflected continued revenue growth in our online transactions business. Partially offsetting this growth were a 6% decline in Quicken revenue and a 31% decline in Quicken.com revenue from the second quarter of fiscal 2001 to the second quarter of 2002. The decline in Quicken revenue reflected in part the market decline, in addition to the continuing decline of the personal finance desktop software category, as more personal finance functionality becomes available to consumers at no cost on the Internet. The decline in advertising revenue reflected the industry-wide decline in advertising spending by purchasers of Internet advertising.

Revenue patterns for the Personal Finance Division for the first six months of fiscal 2001 and 2002 were similar to the second quarter trends described above. Revenue decreased by 6%, reflecting declines in Quicken and advertising revenue that were partially offset by an increase in online transactions revenue.

Quicken Loans Division

Quicken Loans Division revenue is derived primarily from gains on the sale of loans and post-closing servicing arrangements in bulk to participating financial institutions, and from loan fees we receive for originating loans. All revenue generated by the division is services revenue.

Quicken Loans Division total net revenue increased 181% in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. The volume of loans sold more than doubled, reflecting increased consumer demand to refinance mortgage loans in light of declining interest rates. The volume increase came primarily from conventional loans. This was partially offset by a 6% decline in the average revenue per loan, reflecting a decrease in both average gains on sales of loans and average loan fees. While revenue per loan from conventional loans increased, this was more than offset by decreases for government funded loans and alternative sub-prime loans. We expect the revenue growth rates experienced by Quicken Loans to be lower in the third and fourth quarters of fiscal 2002 compared to the first half of fiscal 2002 and on a year-over-year basis. Mortgage rate increases, the impact of the economic climate on the housing market, business operation risks and other factors could negatively impact the volume of applications and closed loans, particularly our most mortgage-rate sensitive products such as conventional refinancing loans. See “Risks that Could Affect Future Results,” at the end of this Item 2 and “Interest Rate Risk” in Item 3 below.

Quicken Loans Division total net revenue increased 161% in the first six months of fiscal 2002 compared to the first six months of fiscal 2001, reflecting a 170% increase in loan volume. A large increase in conventional loan volume more than offset declines in government and alternative sub-prime loan volume. This volume growth was partially offset by a slight decline in the average revenue per loan.

Global Business Division

Global Business Division product revenue is derived primarily from Yayoi small business desktop accounting products in Japan, and QuickBooks, Quicken and QuickTax desktop software products in Canada. Global Business Division services revenue primarily consists of revenue from software maintenance contracts sold with Yayoi software in Japan.

Global Business Division total net revenue increased 8% in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. Revenue from Canada increased by 14% period to period. This reflected strong early tax season results for QuickTax, which were partially offset by modest revenue declines for QuickBooks and Quicken. Revenue in Japan declined slightly during the quarter, with increased revenue from Yayoi more than offset by discontinuing the QuickBooks product line in Japan in the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001.

Global Business Division total net revenue increased 3% in the first six months of fiscal 2002 compared to the first six months of fiscal 2001. This increase included an increase of 8% in Canada, reflecting increased revenue for tax products and QuickBooks. Revenue in Japan increased 2%, with a decline in QuickBooks revenue more than offset by increases for other small business products and services.

Cost of Revenue	Q2 FY01	% of Related Revenue	Q2 FY02	% of Related Revenue	Q2 % Change	YTD FY01	% of Related Revenue	YTD FY02	% of Related Revenue	YTD % Change
(Dollars in millions)										
Cost of revenue:										
Cost of products	$ 60.1	16%	$ 74.3	18%	24%	$ 89.4	18%	$106.2	20%	19%
Cost of services	37.7	58%	40.4	38%	7%	68.7	61%	74.3	41%	8%
Cost of other revenue	6.0	29%	6.4	36%	7%	12.6	31%	12.9	37%	2%
Amortization of purchased software	3.9	—	7.2	—	85%	6.8	—	8.9	—	31%
Total cost of revenue	**$107.7**	**24%**	**$128.3**	**23%**	**19%**	**$177.5**	**28%**	**$202.3**	**27%**	**14%**

There are four components of our cost of revenue: (1) cost of products, which includes the direct cost of manufacturing and shipping desktop software products; (2) cost of services, which reflects direct costs associated with providing services, including data center costs relating to delivering Internet-based services; (3) cost of other revenue, which includes costs associated with providing advertising and marketing and online transactions; and (4) amortization of purchased software, which represents the cost of depreciating products or services we obtained through acquisitions over their useful lives.

Cost of products as a percentage of product revenue increased to 18% and 20% for the second quarter and the first six months of fiscal 2002, compared to 16% and 18% for the same periods in the prior year. These increases were attributable in part to higher product fulfillment unit costs associated with our new third-party retail distribution relationship for our shrink-wrap software products that began during the second quarter of fiscal 2002. This distribution relationship enables us to ship a larger percentage of our products directly to our retailers and allows us to provide inventory to our customers on a more timely basis, which should ultimately reduce product returns. The increase in the first six months of fiscal 2002 also reflected incremental costs during the first quarter of fiscal 2002 to implement this new third-party retail distribution relationship.

Cost of services as a percentage of services revenue decreased to 38% and 41% for the second quarter and the first six months of fiscal 2002, compared to 58% and 61% for the same periods in the prior year. These decreases were attributable primarily to our Quicken Loans Division, which experienced a significantly lower average cost per loan. The decline in average cost per loan reflected greater operational efficiencies, as well as a significant increase in total loan revenue being spread over a fixed cost base that increased only slightly. Our payroll business, which experienced revenue growth over a relatively fixed cost base, also contributed to these decreases.

Cost of other revenue as a percentage of other revenue increased to 36% and 37% for the second quarter and the first six months of fiscal 2002 compared to 29% and 31% for the same periods in the prior year. These increases were primarily due to increased data center costs related to our Personal Finance Division's online transaction businesses.

Amortization of purchased software increased in all periods presented primarily due to charges related to the impairment of our Internet-based advertising business and our Site Solutions business. See Note 4 of the financial statements.

Operating Expenses *(Dollars in millions)*	Q2 FY01	% Total Net Revenue	Q2 FY02	% Total Net Revenue	Q2 % Change	YTD FY01	% Total Net Revenue	YTD FY02	% Total Net Revenue	YTD % Change
Customer service and technical support	$ 46.1	10%	$ 53.1	10%	15%	$ 78.5	12%	$ 92.1	12%	17%
Selling and marketing	85.6	19%	94.9	17%	11%	146.7	23%	166.8	22%	14%
Research and development	54.6	12%	53.3	10%	(2%)	102.5	16%	103.2	13%	1%
General and administrative	25.9	6%	32.1	6%	24%	53.7	8%	60.7	8%	13%
Acquisition-related charges	43.1	9%	62.1	11%	44%	82.8	13%	103.2	14%	25%
Loss on impairment of long-lived asset	—	0%	—	0%	—	—	0%	27.0	4%	—
Totals	**$255.3**	**56%**	**$295.5**	**54%**	**16%**	**$464.2**	**72%**	**$553.0**	**73%**	**19%**

Customer Service and Technical Support

Customer service and technical support expenses were 10% and 12% of total net revenue for the second quarter and the first six months of fiscal 2002 and 2001. During both fiscal 2002 comparison periods, we benefited from the continued efficiency in providing customer service and technical support less expensively through websites and other electronic means. However, this benefit was offset by higher direct sales and support costs in the second quarter and the first six months of fiscal 2002 associated with converting the customers of Tax and Accounting Software Corporation (“TAASC”), which we acquired in April 2001, to our ProSeries and Lacerte professional tax products.

Selling and Marketing

Selling and marketing expenses were 17% and 22% of total net revenue for the second quarter and the first six months of fiscal 2002, compared to 19% and 23% for the same periods of the prior year. The declines in selling and marketing costs as a percentage of total net revenue for both fiscal 2002 comparison periods were primarily attributable to decreased sales and marketing expenses as a percentage of total net revenue for our Quicken Loans and Payroll businesses, which have experienced significant growth. These declines were partially offset by the expansion of our small business marketing programs in connection with the launches of two new QuickBooks products (QuickBooks Premier and QuickBooks Premier: Accountant Edition), as well as the Intuit Developer Network. We expect selling and marketing expenses to increase as a percentage of total net revenue as we market our new QuickBooks products as well as other products we expect to introduce during the remainder of fiscal 2002. We also expect selling and marketing expenses to increase as interest rates increase in order to effectively market and support our Quicken Loans business.

Research and Development

Research and development expenses were 10% and 13% of total net revenue for the second quarter and the first six months of fiscal 2002, compared to 12% and 16% of total net revenue for the same periods of the prior year. We continued to invest in the initial elements of our Right for My Business strategy, including new QuickBooks Premier products launched in the second quarter of fiscal 2002, the Intuit Developer Network, and other new products that we expect to introduce later in the fiscal year. However, these expenses declined as a percentage of total net revenue during the comparison periods due in part to the revenue growth of both our Quicken Loans business and our Payroll business as well as improvements in our development process that resulted in significantly fewer product “bugs” and shorter development times for our new QuickBooks products. During the remainder of fiscal 2002, we expect to continue significant investments in research and development, particularly in the small business area.

General and Administrative

General and administrative expenses were 6% and 8% of total net revenue for the second quarter and the first six months of fiscal 2002 and 2001. We experienced decreases in bad debt charges for both fiscal 2002 comparison periods compared to the same periods a year ago, when we had greater accounts receivable write offs due to the deteriorating financial condition of many Internet companies with whom we did business. These decreases were offset by increased insurance costs and costs associated with our acquisitions of OMware in November 2001 and Employee Matters, Inc. in the later part of December 2000.

Acquisition-Related Charges

Acquisition-related charges include the amortization of goodwill, purchased intangible assets and deferred compensation expenses arising from acquisitions, and impairment charges relating to certain acquired assets. These costs increased to $62.1 million and $103.2 million for the second quarter and the first six months of fiscal 2002, compared to $43.1 and $82.8 million for the same periods of the prior year. The increases were primarily attributable to impairment charges related to our Internet-based advertising business and our Site Solutions business. See Notes 1 and 4 of the financial statements. The increase in the first six months of fiscal 2002 also reflected amortization of intangibles associated with the acquisitions of Employee Matters in December 2000 and TAASC in April 2001. Amortization expense related to completed acquisitions will continue to have a negative impact on our operating results in future periods. If we complete additional acquisitions or if we are required to accelerate amortization or take impairment charges in the future, there would be an incremental negative impact on operating results. See "Risks That Could Affect Future Results."

Loss on Impairment of Long-lived Asset

The loss on impairment of long-lived asset related to the impairment of assets we received in connection with the sale of our Quicken Bill Manager business in May 2001. See Note 9 of the financial statements. We regularly perform reviews to determine if the carrying values of our long-lived assets are impaired. During the six months ended January 31, 2002, we recorded a charge of $27 million to reduce the carrying value of this asset to zero.

Non-Operating Income and Expenses

Interest and Other Income and Expense, Net

For the second quarter and the first six months of fiscal 2002, interest and other income and expense, net, decreased to $8.5 million and $20.3 million compared to $16.5 million and $32.7 million for the same periods a year ago due to a sharp decline in the interest rates we earned on our cash and short-term investment balances.

Gains (Losses) on Marketable Securities and Other Investments, Net of Taxes

For the second quarter of fiscal 2002, we recorded a gain from marketable securities and other investments, net of taxes, of $1.6 million, compared to a loss of $71.9 million in the same period in the prior year. In the first six months of fiscal 2002, we recorded a loss of $10.6 million, compared to a loss of $75.8 million for the same period a year ago. See Note 3 of the financial statements. The $10.6 million loss in the first six months of fiscal 2002 included, among other things, a $7.2 million loss attributable to declines during the period in the market prices of Excite@Home, 724 Solutions and our S1 options, and a loss of $3.3 million for other-than-temporary declines in value relating to certain long-term investments. We considered our shares of Excite@Home and 724 Solutions common stock as trading securities. As a result, market fluctuations were reflected in our consolidated statement of operations for the period. However, we sold all of our remaining shares of these securities, as well as our S1 options, during the first quarter of fiscal 2002. As of January 31, 2002, we continued to hold marketable securities and investments in privately held companies valued at approximately $56 million on our balance sheet, down from approximately $109 million as of July 31, 2001 due to sales and write-downs. We review the values of our investments each quarter and make adjustments as appropriate. If the value of these remaining securities continues to decline significantly in the future, it would have a negative impact on our financial results.

Income Taxes

For the second quarter and the first six months of fiscal 2002, we recorded an income tax provision (benefit) of $13.7 million and $(17.0) million on a pretax income of $133.6 million and $10.4 million, resulting in effective tax rates of 10% and (164)%. This compares to an income tax provision (benefit) of $14.2 million and $(16.7) million on a pretax income (loss) of $40.8 million and $(38.1) million for the same periods of the prior year, resulting in effective tax rates of 35% and (44)%. The difference in the effective tax rates for the second quarter and the first six months of fiscal 2002 compared to the same periods a year ago was primarily due to the tax benefit related to a divestiture that became available during the second quarter of fiscal 2002. At January 31, 2002 and July 31, 2001, we had a valuation allowance of $11.4 million for tax assets of our global subsidiaries based on management's assessment that we may not receive the benefit of certain loss carryforwards.

Cumulative Effect of Change in Accounting For Derivatives, Net

For the quarter ended October 31, 2000, we recorded a cumulative gain of $14.3 million, net of taxes, as a result of a change in accounting principles that recognized the cumulative effect of the fair value of our S1 options as of August 1, 2000. See Note 3 of the financial statements. Subsequent fluctuations in the fair value of these options were included in our net income or net loss.

Liquidity and Capital Resources

At January 31, 2002, our cash and cash equivalents and short-term investments totaled $1,493.4 million, a $76.0 million decrease from July 31, 2001.

We used $27.8 million in cash for our operations during the six months ended January 31, 2002. The primary components of cash used by operations were an increase of $144.8 million in mortgage loans as a result of increased loan volumes for the Quicken Loans division and an increase of $234.2 million in accounts receivable due to the seasonality of our business. These were partially offset by increases in accrued liabilities and accounts payable of $137.8 million (also due to the seasonality of our business) as well as adjustments made for non-cash expenses, including acquisition-related charges and deferred compensation of $113.5 million, an impairment loss on long-lived asset of $27.0 million and depreciation charges of $32.0 million.

Investing activities provided $83.7 million in cash for the six months ended January 31, 2002. We received proceeds of $960.2 million from the maturity and sale of certain short-term investments, which was partially offset by purchases of short-term investments of $844.5 million. As a result of our continued investment in information systems and infrastructure, we also purchased property and equipment of $31.6 million during the period.

We used $18.9 million in cash for our financing activities for the six months ended January 31, 2002. The primary component of cash used was $74.3 million for repurchasing of treasury stock through our stock repurchase program. See Note 14 of the financial statements. This was partially offset by the proceeds of $57.6 million received from the issuance of common stock under employee stock plans.

In the normal course of business, we enter into leases for new or expanded facilities in both domestic and global locations. We also evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. We may decide to use cash and cash equivalents to fund such activities in the future. In May 2001, our Board of Directors authorized a stock repurchase program covering up to $500 million of common stock over a three-year period. As of January 31, 2002, we have repurchased $82.6 million of common stock under the program.

We believe that our cash and 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.

The following table summarizes our contractual obligations:

(Dollars in millions) **Contractual Obligations**	**Payments Due by Period** Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Short-term notes payable	$ 36.8	$ —	$ —	$ —	$ 36.8
Long-Term Debt	—	12.2	—	—	12.2
Operating Leases	30.6	80.8	40.9	43.0	195.3
Other Obligations	25.0	—	—	—	25.0
Total Contractual Cash Obligations	$ 92.4	$93.0	$40.9	$43.0	$ 269.3

The following table summarizes our commercial commitments:

(Dollars in millions) **Other Commercial Commitments**	**Amount of Commitment Expiration Per Period** Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Line of Credit	$ —	$—	$—	$—	$ —
Loan Commitments	759.6	—	—	—	759.6
Future Sale Commitments	261.6	—	—	—	261.6
Total Commercial Commitments	$1,021.2	$—	$—	$—	$1,021.2

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 10-Q. Our fiscal 2001 Form 10-K and other SEC filings contain additional details about these risks, as well as other risks 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 personal finance to a lesser extent. This causes significant quarterly fluctuations in our financial results. Revenue and operating results are usually strongest during the second and third fiscal quarters ending January 31 and April 30. We typically experience lower revenues, and significant operating losses, in the first and fourth quarters ending October 31 and July 31.

Acquisition-related costs can cause significant fluctuation in our net income. Our acquisitions have resulted in significant expenses, including amortization of purchased software (which is reflected in cost of revenue), as well as charges for in-process research and development and amortization of goodwill, purchased intangibles and deferred compensation (which are reflected in operating expenses). Total acquisition-related costs in the categories identified above were $100.7 million in fiscal 1999, $168.1 million in fiscal 2000, $263.4 million in fiscal 2001 (including charges of $78.7 million to write down the long-lived intangible assets related to three acquisitions), $69.3 million in the second quarter of fiscal 2002 and $112.1 million in the first six months of fiscal 2002. Additional acquisitions, and any additional impairment of the value of purchased assets, could have a significant negative impact on future operating results.

Gains and losses related to marketable securities and other investments can cause significant fluctuations in our net income. Our investment activities have had a significant impact on our net income. We recorded pre-tax net gains from marketable securities and other investments of $579.2 million in fiscal 1999 and $481.1 million in fiscal 2000 and pre-tax net losses of $98.1 million in fiscal 2001. We recorded a pre-tax gain of $1.6 in the second quarter of fiscal 2002 and a pre-tax loss of $10.6 million in the first six months of fiscal 2002. Any additional significant long-term declines in value of these securities could reduce our net income in future periods.

Recent changes to Financial Accounting Standards Board guidelines relating to accounting for goodwill could make our acquisition-related charges less predictable in any given reporting period. The FASB recently adopted a new standard for accounting for goodwill acquired in a business combination. It continues to require recognition of goodwill as an asset but does not permit amortization of goodwill as previously required. Under the new statement, goodwill is separately tested for impairment using a fair-value-based approach when an event occurs indicating the potential for impairment. The shift from an amortization approach to an impairment approach applies to all acquisitions completed after June 30, 2001. When we adopt the new standard, which we expect will be in the first quarter of fiscal 2003, it will also apply to previously recorded goodwill and our goodwill amortization charges will cease as a result. However, it is possible that in the future, we would incur less frequent, but larger, impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions as we continue to expand our business.

A general decline in economic conditions could lead to reduced demand for our products and services. The recent downturn in general economic conditions has led to reduced demand for a variety of goods and services, including many technology products, and we believe the economic decline was partially responsible for slower than expected growth in our Small Business Division since the beginning of fiscal 2001. If conditions continue to decline, or fail to improve, in geographic areas that are significant to us, such as the United States, Canada and Japan, we could see a significant decrease in the overall demand for our products and services that could harm our operating results.

We face competitive pressures in all of our businesses, particularly our consumer tax preparation software business, which can have a negative impact on our revenue, profitability and market position. There are formidable current and potential competitors in the private sector. For example, our primary competitor in the consumer tax preparation market has offered its products during part of this tax year at a price of $0 after a rebate. 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. If federal and/or state governmental agencies are ultimately successful in their efforts to provide tax preparation and filing services to consumers, it could have a significant negative impact on our financial results in future years. We expect competition to remain intense during fiscal 2002.

If we fail to maintain reliable and responsive service levels for our electronic tax offerings, we could lose revenue and customers. Our online tax preparation and electronic tax filing services face significant challenges in maintaining high service levels, particularly during peak volume service times. For example, we have experienced relatively brief unscheduled interruptions in our electronic filing/and or tax preparation services during fiscal 2000 and 2001. We do not believe any prior service outages had a material financial impact, prevented customers from completing and filing their returns in a timely manner, or posed a risk that customer data would be lost or corrupted. However, we did experience negative publicity in some instances. The exact level of demand for Quicken TurboTax for the Web and electronic filing for the remainder of the current tax year is impossible to predict, and we could experience adverse financial and public relations consequences if these services are unavailable for an extended period of time, or late in the tax season, due to technical difficulties or other reasons.

It is unlikely that the revenue and profit growth rates experienced by our Quicken Loans Division during fiscal 2001 and the first half of fiscal 2002 will be sustainable long-term, either on a year-over-year basis or on a sequential quarter basis. Mortgage rate increases, the impact of the economic climate on the housing market, business operation risks and other factors could result in significantly lower revenue and profit growth for our mortgage business. Increases in mortgage interest rates and other interest rates adversely affected our mortgage business during fiscal 2000, contributing to a significant revenue decline from fiscal 1999 to fiscal 2000. Conversely, declines in mortgage interest rates during fiscal 2001 and the first half of fiscal 2002 had a positive impact on revenue. If mortgage rates rise again, this could negatively impact the volume of applications and closed loans, particularly our most mortgage-rate sensitive products such as conventional refinancing loans. Fluctuations in non-mortgage rates also create risks with respect to the loans on our balance sheet and impact our cost of funds to provide loans. In addition, our ability to successfully streamline the online application, approval, and closing process will have a significant impact on our ability to attract customers to our mortgage service, and on our ability to continue increasing the percentage of our mortgage revenue generated through the online channel compared to branch offices. We must also maintain relationships with certain banks and other third parties who we rely on to provide access to capital, and later, purchase and service the loans. If we are unable to maintain key relationships, or if the terms of key relationships change to be less favorable to Intuit, it could have a negative impact on our mortgage business and on Intuit’s financial results.

It is unlikely that the revenue and profit growth rates experienced by our Payroll businesses during fiscal 2001 and the first half of fiscal 2002 will be sustainable long-term, either on a year-over-year basis or on a sequential quarter basis. We had strong revenue and profit growth during fiscal 2001, especially during the second half of the year, due to significant price increases, a shift toward a mix of higher-priced products and a large number of new payroll customers as a result of last year's tax law changes. We increased prices again in the first quarter of fiscal 2002. We do not expect that future price increases will contribute as significantly to revenue growth as they have in the past 18 months.

If we are unable to generate significant growth from new sources of revenue for our QuickBooks business, our Small Business Division generally will not be able to achieve sustained growth. Sales to both existing customers and new customers of our QuickBooks desktop products since the beginning of fiscal 2001 have been lower than expected. We cannot rely solely on this source of revenue to provide sustainable future growth for our Small Business Division. We must generate significant revenue from broader markets and customer segments as well as from new products and services – including QuickBooks Premier: Accountant Edition designed for accountants, a new version of QuickBooks targeted at larger and more complex small businesses, and other recently announced new small business products.

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 the timing of shipments fails to meet customer expectations. This can adversely affect customer relationships and our financial performance. 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 rely on two third-party vendors to handle all outsourced aspects of our primary retail desktop software product launches and to replenish product in the retail channel after the primary launch. To manufacture and distribute our primary retail products at the time of product launches and to replenish products in the retail channel after the primary launch, we have an exclusive manufacturing relationship with Modus Media, and an exclusive distribution arrangement with Ingram Micro Logistics. While we believe that relying on only two outsourcers for product launches and replenishment improves the efficiency and reliability of these activities, relying on any vendor for a significant aspect of our business can have severe negative consequences if the vendor fails to perform at acceptable service levels for any reason.

We rely on one third-party vendor to handle all outsourced aspects of our financial supplies business. We have an exclusive contract with John H. Harland Company to print and fulfill supplies orders for all of our checks and most other products for our financial supplies business. Harland fulfilled orders for about 75% to 80% of our supplies revenue in fiscal 2000 and 2001, and more than 80% of our supplies revenue for both the second quarter and the first six months of fiscal 2002. We believe that relying on one supplies vendor improves customer service and maximizes operational efficiencies for our supplies business. However, if there are significant problems with Harland's performance, it could have a material negative impact on sales of supplies and on Intuit's business as a whole.

We face risks relating to customer privacy and security and increasing regulation, which could hinder the growth of our 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 and fiscal 2001, there were press articles criticizing our privacy and security 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, including reduced customer interest and/or additional regulation by federal or state agencies. In addition, the federal government has developed mandatory privacy and security standards and protocols, and we have incurred significant expenses to comply with these requirements. Additional similar federal and state laws may be passed in the future, and the cost of complying with additional legislation could have a negative impact on our operating results. 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.

Actual product returns may exceed returns reserves, particularly for our tax preparation software. We ship 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 net revenue.

If we sublease three presently unoccupied leased facilities, or if we determine it is unlikely that we will use the facilities during the remainder of the lease terms, we could incur significant accounting charges, which would reduce our net income. Three of our leased facilities are currently unoccupied. If we are able to sublease a facility, the lease payments from the sublease tenant would likely be significantly lower than our payment obligations under our lease because of the poor economic climate and the soft real estate market. If we enter into a sublease, we will incur an accounting expense equal to the difference between the expected sublease payments and our required lease payments over the remaining term of the lease. If we do not sublease a property and we determine it is unlikely that we will use the facility during the remaining term of the lease, we would incur an accounting charge when we make that determination equal to our remaining payment obligations under the lease.

Our ability to conduct business could be impacted by a variety of factors such as electrical power interruptions, earthquakes, fires, terrorist activities and other similar events. Our business operations depend on the efficient and uninterrupted operation of a large number of computer and communications hardware and software systems. These systems are vulnerable to damage or interruption from electrical power interruptions, telecommunication failures, earthquakes, fires, floods, terrorist activities and their aftermath, and other similar events. Other unpredictable events could also impact our ability to continue our business operations. For our Internet-based services, system failures of our internal server operations or those of various third-party service providers could result in interruption in our services to our customers. Any significant interruptions in our ability to conduct our business operations could reduce our revenue and operating income. Our business interruption insurance may not adequately compensate us for the impact of interruptions to our business operations.

ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Short-Term Investment Portfolio

We do not hold derivative financial instruments in our short-term investment portfolio. Our short-term investments consist of instruments that meet quality standards consistent with our investment policy. This policy dictates that, for short-term investments, we diversify our holdings and limit our short-term investments with any individual issuer in a managed portfolio to a maximum of $5 million.

Marketable Securities

We carried balances in marketable equity securities as of January 31, 2002 that are subject to considerable market risk due to their volatility. If our available-for-sale securities experience further declines in fair value that are considered other-than-temporary, we will reflect the additional loss in our net income in the period when the subsequent impairment becomes apparent. See Note 3 of the financial statements for more information regarding risks related to our investments in marketable securities.

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 and payroll businesses. In a higher interest rate environment, borrower demand for mortgage loans generally 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 we earn on payroll customer funds we hold and investments we hold in our short-term investment portfolio, as well as the value of our short-term 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 mortgage 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 portfolio of prime loans, including those in the pipeline, and the related forward commitments are valued on a daily basis. We refer to the loans, pipeline, and forward commitments 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. Based on our analysis of our hedge position at January 31, 2002, 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 or the value of mortgage loans. See Notes 1, 5 and 10 of the financial statements for more information regarding risks related to our mortgage loans and lines of credit.

A change in interest rates may also potentially have a material impact on the interest income earned on our cash equivalents and short-term investments held at January 31, 2002.

Impact of Foreign Currency Rate Changes

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 global subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. For the two quarters presented there was an immaterial currency exchange impact from our intercompany transactions. Currency exchange risk is also minimized since foreign debt is due exclusively in local foreign currencies. As of January 31, 2002, we did not engage in foreign currency hedging activities.

PART II
ITEM 1
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. The Bruce and Newby lawsuits were consolidated into one lawsuit, In re Intuit Privacy Litigation, filed on July 28, 2000 in the United States District Court of California, Eastern Division. Following Intuit's successful motion to dismiss several of the claims, an amended complaint was filed on May 2, 2001. A similar lawsuit, Almanza v. Intuit Inc. was filed on March 22, 2000 in the Superior Court of the State of California, San Bernardino County, Rancho Cucamonga Division. An amended complaint in the Almanza suit was filed on October 26, 2000. These purported class actions alleged 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 Web site. The complaints sought injunctive relief, orders to disgorge profits related to the alleged acts, and statutory and other damages. In August 2001, Intuit and the plaintiffs' counsel in all of the cases except Rubin reached an agreement in principle to resolve the cases, subject to court approval, based on terms that are not material to Intuit. The Rubin case was dismissed on November 19, 2001.

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.

PART II
ITEM 2
CHANGES IN SECURITIES AND USE OF PROCEEDS

(a) Not applicable

(b) Not applicable

(c) On November 2, 2001, we issued 924,973 shares of our common stock as part of the consideration for our purchase of substantially all of the assets of OMware, Inc. ("OMware"), a provider of construction management software, pursuant to an Asset Purchase Agreement signed on August 22, 2001. We issued the shares to OMware, which in turn distributed the shares to its shareholders. Of these shares, 88,518 were issued to two individual shareholders of OMware, but they are being held in escrow to secure certain indemnity obligations of those shareholders under the Asset Purchase Agreement. We will also issue up to an additional $8 million of stock to the two individuals on August 1, 2002 and/or August 1, 2003, if the construction software business achieves certain future performance objectives. The shares issued and issuable in this transaction have been and will be issued without registration under 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 under the provisions of the California Corporate Securities Law of 1968.

ITEM 4
SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At Intuit's Annual Meeting of Stockholders on January 18, 2002, our stockholders voted on the following proposals:

1. Proposal to elect directors:

	For	Withheld
Stephen M. Bennett	187,313,421	2,158,684
Christopher W. Brody	188,477,321	994,784
William V. Campbell	187,134,869	2,337,236
Scott D. Cook	188,145,978	1,326,127
L. John Doerr	188,116,366	1,355,739
Donna L. Dubinsky	188,430,956	1,041,149
Michael R. Hallman	188,475,312	996,793
Stratton D. Sclavos	186,025,825	3,446,280

2. Proposal to adopt the Intuit Inc. 2002 Equity Incentive Plan:

For	102,811,067
Against	85,674,550
Abstain	986,488
Broker Non-Votes	0

3. Proposal to amend Intuit's 1996 Employee Stock Purchase Plan to increase the number of shares of common stock available for issuance under that plan by 600,000 shares:

For	186,092,425
Against	2,435,822
Abstain	943,858
Broker Non-Votes	0

4. Proposal to amend Intuit's 1996 Directors Stock Option Plan to increase the number of shares of common stock available for issuance under that plan by 90,000 shares and to add annual option grants for members of the Audit and Compensation Committees of our Board of Directors:

For	121,933,756
Against	66,471,684
Abstain	1,066,665
Broker Non-Votes	0

5. Proposal to ratify the appointment of Ernst & Young LLP as Intuit's independent auditors for fiscal 2002:

For	188,147,873
Against	604,640
Abstain	719,592
Broker Non-Votes	0

ITEM 5
OTHER MATTERS

CHANGES IN EXECUTIVE OFFICERS

On January 17, 2002, we promoted Lorrie M. Norrington, Senior Vice President, Small Business Division, to the position of Executive Vice President, Small Business and Personal Finance Division.

On January 17, 2002, we promoted Sherry Whiteley, Vice President, Human Resources, to the position of Senior Vice President, Human Resources.

On February 1, 2002, we promoted William C. Emerson to the position of Intuit Vice President, Quicken Loans Division and to Chief Executive Officer of Quicken Loans, Inc., a subsidiary of Intuit. Mr. Emerson joined Intuit as Vice President of Mortgage Operations for Quicken Loans in June 2000. Prior to joining Intuit, he was President of Rock Home Loans @ Michigan National Bank from April 1999 to June 2000, Vice President of Branch Production and Operations at Rock Financial Corporation from May 1998 to April 1999, and Vice President of Call Center Production and Operations at Rock Financial Corporation from January 1997 to May 1998. Mr. Emerson holds a Bachelor of Science degree in Business Administration from Penn State University.

On February 15, 2002, Michael L. Hrastinski, Senior Vice President and Chief Information Officer, resigned from Intuit.

ITEM 6
EXHIBITS AND REPORTS ON FORM 8-K

We have filed the following exhibits as part of this report:

			Incorporated By Reference		
Exhibit No.	Exhibit Description	Filed with this Form 10-Q	Form	File No.	Date Filed
10.01#	Term Sheet for Fulfillment Products and Services for FSG and P-TAP Non-Imprintable Products between John H. Harland Company ("Harland") and Intuit, dated October 25, 2001	X			
10.02#	Agreement for Purchase of Intuit-owned Inventory for FSG and P-TAP Non-Imprintable Products between Harland and Intuit, dated October 25, 2001	X			
10.03+	Intuit Inc. 1993 Equity Incentive Plan, as amended through January 16, 2002	X			
10.04+	Intuit Inc. 2002 Equity Incentive Plan, as amended through January 18, 2002, and form of grant document under the Plan		S-8	333-81446	01/25/02
10.05+	Intuit Inc. 1996 Employee Stock Purchase Plan, as amended through January 18, 2002		S-8	333-81328	01/24/02
10.06+	Intuit Inc. 1996 Directors Stock Option Plan, as amended through January 18, 2002, and form of grant documents under the plan		S-8	333-81324	01/24/02
10.07+	Amended and Restated Secured Balloon Payment Promissory Note between Intuit and Richard W. Ihrie, dated November 26, 2001	X			
10.08+	Amended and Restated Secured Promissory Note between Intuit and Brooks W. Fisher, dated November 26, 2001	X			
10.09+	Amended and Restated Secured Balloon Payment Promissory Note between Intuit and Stephen M. Bennett, dated November 26, 2001	X			
10.10+	Separation Agreement between Intuit and Michael L. Hrastinski, dated February 15, 2002	X			
10.11+	Amended and Restated Secured Full Recourse Balloon Payment Promissory Note (and related Stock Pledge Agreement) between Intuit and Stephen M. Bennett, dated February 19, 2002	X			

We have requested confidential treatment for certain portions of this document pursuant to an application for confidential treatment sent to the Securities and Exchange Commission (the "SEC"). We omitted such portions from this filing and filed them separately with the SEC.

\+ Management compensatory plan or arrangement.

Reports on Form 8-K filed during the second quarter of fiscal 2002:

1. On November 8, 2001, Intuit filed a Form 8-K to report under Item 5 that, on November 2, 2001, it had completed its acquisition of OMware, Inc. We did not file financial statements with this report.

2. On November 16, 2001, Intuit filed a Form 8-K to report under Item 5 its financial results for the quarter ended October 31, 2001. We included in the 8-K Intuit's consolidated balance sheets and statements of operations as of and for the first quarter ended October 31, 2001.

3. On January 24, 2002, Intuit filed a Form 8-K to report under Item 5 announcing that we had promoted Lorrie Norrington, Senior Vice President for the Small Business Division, to Executive Vice President, Small Business and Personal Finance Division.

4. On February 14, 2002, Intuit filed a Form 8-K to report under Item 5 its financial results for the quarter ended January 31, 2002. We included in the 8-K Intuit's consolidated balance sheets and statements of operations as of and for the second quarter ended January 31, 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTUIT INC.
(Registrant)

Date: February 28, 2002 By: /s/ Greg J. Santora

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

EXHIBIT INDEX

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\+ Management compensatory plan or arrangement.

EXHIBIT 10.01
*CONFIDENTIAL TREATMENT REQUESTED

TERM SHEET

FOR FULFILLMENT PRODUCTS AND SERVICES FOR FSG AND P-TAP NON-IMPRINTABLE PRODUCTS

Intuit Inc. ("Intuit") and the John H. Harland Company ("Harland") are parties to a Supply Agreement entered into as of January 1, 2000 ("Supply Agreement"). The parties intend to enter into an Addendum to the Supply Agreement to cover certain additional products that is consistent with the provisions of this Term Sheet ("Addendum"), which will replace this Term Sheet. In the meantime, the parties agree to perform in accordance with the provisions of this Term Sheet.

1. **TERM.** The term of the Addendum will be coterminous with the term of our existing Supply Agreement, which is set to expire August 2005. In addition to the grounds for termination mentioned in Section 45 of the Agreement, Intuit shall have the right to review and terminate without penalty this Term Sheet and the Addendum at any time upon sixty (60) day notification and cure period per Section 45, should the product selection, quality, and/or service provided by Harland for the products covered by this Term Sheet not meet the specifications that were mutually agreed to by Harland and Intuit. Such termination of this Term Sheet and the Addendum would be subject to the same process relating to notification and cure as is contained in the Supply Agreement. In case of termination, Intuit would purchase the unsold FSG non-imprintable inventory and work in process that is not owned by Intuit and covered by this Term Sheet and the Addendum. The purchase amounts will not exceed the costs paid by Harland for Harland-owned inventory purchased pursuant to this relationship, or the costs due to suppliers for supplier-owned inventory purchased pursuant to this relationship. Termination of this Term Sheet or the Addendum would not terminate the Supply Agreement.

2. **SCOPE.**

(a) Addendum Products. The products to be provided under this Term Sheet and the Addendum are the ProSeries and EasyACCT supplies products ("P-TAP") and the specific FSG non-imprintable products listed in Exhibits A and B. ("Addendum Products"). Products may be deleted from this list at Intuit's sole discretion at any time, provided that reasonable notice is given for existing inventory disposition that is acceptable to both parties. In the case that a product is deleted from this Term Sheet and the Addendum, Intuit will pay Harland for any unsold FSG non-imprintable inventory and work in process that is not owned by Intuit. Costs of the inventory will not exceed Harland's prices for Harland-owned inventory purchased pursuant to this relationship, or the costs due to suppliers for supplier-owned inventory purchased pursuant to this relationship. Products may be added to this list at terms mutually agreed upon in writing by both Harland and Intuit. In addition, this Term Sheet and the Addendum will cover the competitive sourcing from and managing of the suppliers by Harland for Addendum Products purchased by Harland. Intuit reserves the right to own the inventory of Addendum Products, and must approve of any vendor acting as Harland's agent supplying Addendum Products.

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(b) Warehousing and Fulfillment. Harland shall provide warehousing and fulfillment services for Addendum Products as specified by Intuit, and will be responsible for ensuring the inventory availability of Addendum Products sourced by Harland to fulfill Intuit customer orders. Harland is responsible for any outsourced warehousing suppliers, and is required to ensure that any such approved outsourcer retain adequate insurance protection to cover any Addendum Products inventory included for warehousing services.

(c) Inventory Management. Harland is responsible for guaranteeing inventory availability of all products sourced by Harland to fulfill Intuit customer orders. To support Harland in this activity, Intuit will meet with Harland on a regular basis to provide demand forecasts for seasonal and growing/declining products, updates on promotions that could impact usage patterns, and to review Harland's target inventory levels and replenishment plans. It is anticipated that Intuit and Harland will review this data on a periodic basis appropriate to the product type (e.g. quarterly for steady usage products, monthly for growing/declining products, and with appropriate frequency during heavy seasonal periods). At these review meetings, Harland will identify in writing any potential "excess inventory risk products" that are highly dependent on forecasts vs. actual usage data. For those products, Harland and Intuit will agree to a forecast, re-order points and quantities, and a review plan. For these products only, if the actual usage is [*] or more less than forecast over a [*] period and results in excess inventory age of greater than [*] Intuit will have the option of one or more of the following: (1) [*]and [*] from [*] days (2) [*] excess inventory and paying Harland for the [*] inventory that is not Intuit-owned at a cost not to exceed [*] or (3) paying a [*] per pallet per month storage cost for the inventory in excess of [*] age. There [*] extra storage costs for marketing materials. Notwithstanding the above, Harland accepts responsibility for requesting any information they believe necessary to purchase and manage the inventory effectively for both parties.

(d) Systems. Harland will fund the development of connections to Intuit's order entry and billing systems and any changes needed to meet new businesses and services. Harland's system support is limited to Harland's controlled hardware and/or software, and the level of support will be prorated above the levels specified in the Supply Agreement based on the additional volumes resulting from additional products.

(e) Same Order Shipments. The parties' objective is to ship complete orders from the corresponding lines of Addendum Products from the same facility in one package.

3. TARGET DATES FOR PRODUCT IMPLEMENTATION.

(a) The Addendum Products will be implemented, orderable and fullfillable at Harland in five phases. The target completion dates are:

i. July 31, 2001 for the P-TAP products;

ii. September 7, 2001 for EasyACCT tax forms;

iii. October 22, 2001 for the FSG check envelopes currently in the San Diego warehouse;

iv. November 5, 2001 for the marketing materials and other items in the San Diego warehouse excluding FSG tax forms; and,

v. February 4, 2002 for the storage boxes.

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(b) An implementation plan for each phase will be jointly developed with Intuit and Harland.

(c) Intuit reserves the right to adjust the target completion dates for certain products.

(d) Harland recognizes that delays in implementation will result in higher costs for Intuit. Therefore, Harland will reimburse Intuit for one half of any documented expenses in excess of Intuit's usual and customary expenses associated with fulfillment of FSG envelope products should Harland's implementation of process changes designed to make it possible for Harland to fulfill FSG envelope orders, be delayed past November 5, 2001. In case this provision is invoked, Harland will have the authority to audit Intuit's expenses in order to substantiate any claims Intuit may have. This provision will be null and void should Intuit change requirements agreed upon by Intuit and Harland, or in any way cause Harland to delay implementing the fulfillment process. These expenses include, but are not limited to:

i. Product price increases caused by order quantity reductions

ii. Extra warehouse fulfillment charges for San Diego facilities

4. **PERFORMANCE METRICS.** Harland will measure and report their performance against the performance scorecard set forth in the Addendum. This is an open item issue referenced in this Term Sheet to be mutually agreed upon by Intuit and Harland.

5. **TURN AROUND TIME.** Harland shall process and ship all non-imprintable Addendum Products in stock within 24 hours after receipt of the order. For non-imprintable items on the same order as other non-imprintables and/or imprintables, these items will ship as specified in the Business Rules for Shipping Complete Orders set forth in Exhibit C. For backorders, items should be shipped as soon as they are available on a first in, first out order basis. In addition, Harland shall identify and provide Intuit with all backorder information in a quick and effective manner. This backorder notification process will be developed and agreed to by Harland and Intuit.

6. **QUALITY**. Harland warrants and guarantees to FSG the quality of all non-imprintable Addendum Products in line with Intuit's expectations.

7. **PRICING AND COSTS.** For each order under this Term Sheet and Addendum for which Harland processes and ships, Harland will charge Intuit the pricing/costs in accordance with the following mutually agreed upon pricing exhibits to be attached to this Term Sheet, and in accordance with the existing Supply Agreement.

- Exhibit A. Pricing for P-TAP Fulfillment and Products

- Exhibit B. Pricing for Non-Imprintable FSG Fulfillment and Products

In addition, Harland will credit Intuit for material costs associated with any products that were produced using Intuit-owned materials, excluding the products TPH and TPR where the pricing and costs in Exhibit A already reflect these credits.

Exceptions include the items listed under the "Open Items" referenced below. These mutually agreed upon prices should be competitive in the market, and in compliance with applicable laws, and will remain in effect for 1 year subject to the following provisions of the Supply Agreement: Section 38, (future Cost Savings), and Section 40 (allowable Price Adjustments) subject to additional allowable price adjustments, increases or decreases, resulting from significant changes in order quantities. Exempted from Section 40 are certain P-TAP and/or FSG non-imprintable products that need to be ordered within a term less than one year, and where the prices are highly sensitive to volume variances. For these products identified by Harland 60 days in advance, Intuit and Harland will mutually agree to any price change every six months and/or prior to any inventory replenishment. Price changes will reflect prices that should be competitive in the market and in compliance with applicable laws, and will be effective when the new products begin to ship. Harland will work with Intuit on continuous improvements to reduce material, administrative and freight costs. Also, Harland agrees to review with Intuit Harland's costs, and Intuit has the right to audit Harland's invoicing on an ongoing basis.

8. **OPEN ITEMS.** FSG and Harland are still discussing and working on the terms for the following open issues which shall be resolved in the Addendum. These issues include but are not limited to:

- All details on system enhancements
- Performance measures
- Complete returns and reruns process
- Prices for storage boxes, and certain other FSG non-imprintable products as indicated by TBD
- Some reporting requirements
- Treatment for the ownership and costs of existing Intuit-owned inventory
- Quality process
- Invoicing requirements
- Clarify insurance coverage and indemnification language for Harland activities under the Supply Agreement

These items will be agreed upon and specified in the Addendum.

9. **PRIVACY AND SECURITY STANDARDS.** Harland and Intuit agree that Harland's performance under this Term Sheet, the Addendum, and the Supply Agreement will be subject to Harland's compliance with Intuit's then-current privacy and security standards."

10. **OTHER PROVISIONS.** If not listed above, other provisions in the Addendum will closely follow those under the Supply Agreement, including but not limited to the following sections of the Supply Agreement: 18(c) (Turnaround Time); 20(b) (Error Correction); 21 (Rush Shipments); and 22 (Service Failures). Harland and Intuit agree that the following sections of the Supply Agreement are incorporated into this Term Sheet: 5 (Confidentiality of Terms of Agreement and Purchase Information); 6 (Confidentiality of Supply); 7 (Ownership and Confidentiality of Intuit Customer Information); 8 (Ownership and Confidentiality of Bank File and Intuit Systems and Processes); 11 (Direct Orders and Inquiries); 42 (Payment Terms) subject to exception listed below; 46 (No Consequential Damages); 49 (Assignment); 50 (Governing Law); and 55 (Entire Agreement). The exception to Section 42 (Payment Terms) is the two percent (2%) discount for early payment as it may apply to P-TAP non-imprintable products listed in this Term Sheet and Addendum. Such P-TAP products will not receive this discount, and will be billed on a separate invoice from the other FSG products. All other FSG products will receive the two percent (2%) discount.

11. **NEGOTIATION OF CONTRACT OR ADDENDUM.** The parties intend to negotiate and sign the Addendum with the provisions of this Term Sheet by November 30, 2001, provided however, if the parties fail to enter into the Addendum, the parties agree that this Term Sheet shall continue in full force and effect until all of the Inventory (as defined in the Agreement for Purchase of Intuit-Owned Inventory for FSG and P-Tap Non-Imprintable Products) is sold to Intuit.

JOHN H. HARLAND COMPANY		**INTUIT**	
By:	/s/ MARTIN E. KERNER	By:	/s/ LORRIE M. NORRINGTON
Printed Name/Date:	Martin E. Kerner	Printed Name/Date:	Lorrie M. Norrington
Title:	VP, General Manager	Title:	SVP, Small Business

EXHIBIT A

Pricing for P-TAP Fulfillment Services and Products

Fulfillment Services	**Price**	**Measure**
Fill Presentation envelope orders and manage inventory	[*]	per line item
Fill presentation folder orders and manage inventory	[*]	per line item
Fill blank check stock orders and manage inventory	[*]	per box per line item
Fill tax form orders and manage inventory	[*]	Drop Shipped
Fill requests for catalogues and manage inventory	[*]	per line item (includes $[*] postage)
Delivery costs	[*]	unless otherwise noted.
Receipt, Scrapping or Restocking of Items	[*]	

Note: Fulfillment costs will be included in the materials cost of the products in the invoices Harland provides for these products

Product Costs	**Price**	**Measure**	**Units**	**Price Per Units**
Blank Check Stock				
Burgundy Blank Check Stock	[*]	per individual item	[*]	[*]
Grey Blank Check Stock	[*]	per individual item	[*]	[*]
Green Blank Check Stock	[*]	per individual item	[*]	[*]
Blue Blank Check Stock	[*]	per individual item	[*]	[*]
Tax Forms				
1096 Laser Forms	[*]	per individual item	[*]	[*]
1099 MISC Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 MISC Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 MISC Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 INT Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 INT Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 INT Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 DIV Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 DIV Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 DIV Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 C Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 C Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 C Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 R Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 R Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 Laser Acquisition - Copy A	[*]	per individual item	[*]	[*]
1098 Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1098 Lsr Fed Copy B	[*]	per individual item	[*]	[*]

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1098 Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 Laser Broker - Copy A	[*]	per individual item	[*]	[*]
1099 G Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 S Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 S Lsr Fed Copy B	[*]	per individual item	[*]	[*]
1099 S Lsr Fed Copy C	[*]	per individual item	[*]	[*]
1099 OID Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 PATR Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1098 E Lsr Fed Copy A	[*]	per individual item	[*]	[*]
1099 Double Window Envelope	[*]	per individual item	[*]	[*]
1099 R Double Window Envelope	[*]	per individual item	[*]	[*]
W-2 Double Window Envelope for 2 up	[*]	per individual item	[*]	[*]
W-2 Double Window Envelope for 3 up	[*]	per individual item	[*]	[*]
Envelopes For 4up W2s	[*]	per individual item	[*]	[*]
W-3 Laser Forms	[*]	per individual item	[*]	[*]
W-2 Laser Copy A	[*]	per individual item	[*]	[*]
W-2 Laser Copy B	[*]	per individual item	[*]	[*]
W-2 Laser Copy 2 or C	[*]	per individual item	[*]	[*]
W-2 Laser Copy City/State	[*]	per individual item	[*]	[*]
W-2 Laser Copy B, 2, C, 2 (4 up)	[*]	per individual item	[*]	[*]
W-2 Laser Copy B, 2, C (3 up)	[*]	per individual item	[*]	[*]
941 Laser Fed Copy	[*]	per individual item	[*]	[*]
941 B Laser Quarterly	[*]	per individual item	[*]	[*]
DE 6 Laser CA Quarterly	[*]	per individual item	[*]	[*]
DE 7 CA Quarterly	[*]	per individual item	[*]	[*]
Ohio SUTA UCO 2 QTS	[*]	per individual item	[*]	[*]
Texas SUTA C-4 Cont. Page	[*]	per individual item	[*]	[*]
940 EZ Laser	[*]	per individual item	[*]	[*]
5498 Laser IRA Copy A	[*]	per individual item	[*]	[*]
1099 MISC 3 pt	[*]	per individual item	[*]	[*]
1099 MISC 4 pt	[*]	per individual item	[*]	[*]
1099 MISC 5 pt	[*]	per individual item	[*]	[*]
1099 INT 3-pt	[*]	per individual item	[*]	[*]
1099 INT 4-pt	[*]	per individual item	[*]	[*]
1099 DIV 3-pt	[*]	per individual item	[*]	[*]
1099 DIV 4-pt	[*]	per individual item	[*]	[*]
1099 G 4 pt	[*]	per individual item	[*]	[*]
1099 PAIR	[*]	per individual item	[*]	[*]
1099 Acquisition 4-pt	[*]	per individual item	[*]	[*]
1099 B 3 pt	[*]	per individual item	[*]	[*]
1099 B 4-pt	[*]	per individual item	[*]	[*]
1099 Retirement 4 pt	[*]	per individual item	[*]	[*]

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1099 R 6 pt	[*]	per individual item	[*]	[*]
1099 S 1-wide 3 pt	[*]	per individual item	[*]	[*]
1099 S 1-wide 4 pt	[*]	per individual item	[*]	[*]
1098 3 pt carbonless	[*]	per individual item	[*]	[*]
1098 4 pt carbonless	[*]	per individual item	[*]	[*]
1099 C 3 pt	[*]	per individual item	[*]	[*]
1096 2 pt	[*]	per individual item	[*]	[*]
Blank per paper 2-up	[*]	per individual item	[*]	[*]
Blank Perforated-3up	[*]	per individual item	[*]	[*]
Blank paper 4-up	[*]	per individual item	[*]	[*]
Blank per 4 up w/instructions	[*]	per individual item	[*]	[*]
Blank per paper 3-up	[*]	per individual item	[*]	[*]
Blank per 3-up w/instructions	[*]	per individual item	[*]	[*]
Blank per 1099 R 2 up	[*]	per individual item	[*]	[*]
W-2 corrected 6 pt	[*]	per individual item	[*]	[*]
W-2 1 wide 6 pt carbon mailer	[*]	per individual item	[*]	[*]
W-2 2 wide 6 pt mailer	[*]	per individual item	[*]	[*]
W-2 gambling 1 wide	[*]	per individual item	[*]	[*]
W-2 Twin 3-Part-A1D	[*]	per individual item	[*]	[*]
W-2 Twin 4-Part-A1D	[*]	per individual item	[*]	[*]
W-2 Twin 3-Part-B2C	[*]	per individual item	[*]	[*]
W-2 Twin 4-Part-B2C	[*]	per individual item	[*]	[*]
W-3 2 pt	[*]	per individual item	[*]	[*]
W-3 C Corrected 2 pt	[*]	per individual item	[*]	[*]
W-2 2 Wide 3-pt	[*]	per individual item	[*]	[*]
W-2 2 wide 4-pt	[*]	per individual item	[*]	[*]
W-2 1 wide 4-pt	[*]	per individual item	[*]	[*]
W-2 1 Wide 6 pt	[*]	per individual item	[*]	[*]
CA DE-6 2 pt	[*]	per individual item	[*]	[*]
CA DE-7 2 pt	[*]	per individual item	[*]	[*]
5498 Penfed IRA 3 pt	[*]	per individual item	[*]	[*]
941 1 wide 2 pt	[*]	per individual item	[*]	[*]
941 1 wide 3 pt	[*]	per individual item	[*]	[*]
941 B 1 wide 3 pt	[*]	per individual item	[*]	[*]
940 EZ Federal Copy 2 pt	[*]	per individual item	[*]	[*]
W-2 Laser copy B2c	[*]	per individual item	[*]	[*]
W2 Employee B C 2 1	[*]	per individual item	[*]	[*]
Ohio SUTA UCO-2QRS	[*]	per individual item	[*]	[*]
Laser 1098-T Copy A	[*]	per individual item	[*]	[*]
Laser 1098-T Copy A	[*]	per individual item	[*]	[*]
Lsr Tuition Payments Stmt	[*]	per individual item	[*]	[*]
LASER 1099-LTC Copy A	[*]	per individual item	[*]	[*]
TXC41-05 Texas Form C-4	[*]	per individual item	[*]	[*]

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1099-C 1 Wide 3-Part	[*]	per individual item	[*]	[*]
Laser 1099-MSA Copy A	[*]	per individual item	[*]	[*]
Laser 5498 Copy A	[*]	per individual item	[*]	[*]
1999 Form 940 Laser	[*]	per individual item	[*]	[*]
Laser 941 Voucher	[*]	per individual item	[*]	[*]
Wisconsin SUTA UC-7827	[*]	per individual item	[*]	[*]
N.C. Suta NCUI-101B	[*]	per individual item	[*]	[*]
Laser 940 EZ	[*]	per individual item	[*]	[*]
Cont. 5498 MSA 3-Part	[*]	per individual item	[*]	[*]
1-wide 6-Part Mailer	[*]	per individual item	[*]	[*]
1099-OID 4-Part	[*]	per individual item	[*]	[*]
1099-S Magnetic Media	[*]	per individual item	[*]	[*]
1098E 3-Part Carbonless	[*]	per individual item	[*]	[*]
Cont. 1099 LTC 4-Part	[*]	per individual item	[*]	[*]
Cont. 1099 MSA 3-Part	[*]	per individual item	[*]	[*]
W2: 2-Wide 4-Part	[*]	per individual item	[*]	[*]
Continuous 941 Voucher	[*]	per individual item	[*]	[*]
Quicken Laser Invoice	[*]	per individual item	[*]	[*]
Resident Alien 5-Part	[*]	per individual item	[*]	[*]
Folders				
FLB Folder	[*]	per individual item	[*]	[*]
FSB Folder	[*]	per individual item	[*]	[*]
FLG Folder	[*]	per individual item	[*]	[*]
FSG Folder	[*]	per individual item	[*]	[*]
FLH Folder	[*]	per individual item	[*]	[*]
FSH Folder	[*]	per individual item	[*]	[*]
FLR Folder	[*]	per individual item	[*]	[*]
FSR Folder	[*]	per individual item	[*]	[*]
TPR (Marine)	[*]	per individual item	[*]	[*]
TPH (Hunter)	[*]	per individual item	[*]	[*]
TFLG Folder	[*]	per individual item	[*]	[*]
TFLB Folder	[*]	per individual item	[*]	[*]
FSBL Folder	[*]	per individual item	[*]	[*]
FSGR Folder	[*]	per individual item	[*]	[*]

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Envelopes				
ESV8	[*]	per individual item	[*]	[*]
EF6	[*]	per individual item	[*]	[*]
EF6-SS	[*]	per individual item	[*]	[*]
EF9	[*]	per individual item	[*]	[*]
EF9-SS	[*]	per individual item	[*]	[*]
EOL	[*]	per individual item	[*]	[*]
EOL-SS	[*]	per individual item	[*]	[*]
EOP	[*]	per individual item	[*]	[*]
EOPL	[*]	per individual item	[*]	[*]
EOP-SS	[*]	per individual item	[*]	[*]
EOXL	[*]	per individual item	[*]	[*]
EOXP	[*]	per individual item	[*]	[*]
EXPAN	[*]	per individual item	[*]	[*]
15900	[*]	per individual item	[*]	[*]
15901	[*]	per individual item	[*]	[*]

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EXHIBIT B
Pricing for FSG Products and Fulfillment Services

Fulfillment Services	**Price**	**Measure**
Fill envelope orders and manage inventory	[*]	per line item
Fill storage box order and manage inventory	TBD	per line item
Fill forms, labels and miscellaneous orders and manage inventory	[*]	per line item
Fill requests for sample pack orders and manage inventory	[*]	per line item (includes $[*] postage)
Fill requests for catalogues and manage inventory	[*]	per line item (includes $[*] postage)
Delivery costs	[*] unless otherwise noted.	
Receipt, Scrapping or Restocking of Items	[*]	

Note: Fulfillment costs will be included in the materials cost of the products in the invoices Harland provides for these products

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Product Costs	Price	Measure
Envelopes		
Check Envelopes	[*]	per thousand
Forms Envelopes	[*]	per thousand
Self-Seal Check Envelopes	[*]	per thousand
Self-Seal Forms Envelopes	[*]	per thousand
Wallet Envelopes	[*]	per thousand
Wallet Plus Envelopes	[*]	per thousand
Marketing Materials		
Catalogues and Samples Pack	[*]	Supplied by Intuit
Certificates	[*]	Supplied by Intuit
Business Reply Envelopes (BRE's)	[*]	per thousand
Storage Boxes		
Check Storage Box Blue	TBD	
Check Storage Box Green	TBD	
Check Storage Box Maroon	TBD	
Check Storage Box Purple	TBD	
Check Storage Box Yellow	TBD	
Multi-Purpose Storage Box Blue	TBD	
Multi-Purpose Storage Box Green	TBD	
Multi-Purpose Storage Box Maroon	TBD	
Multi-Purpose Storage Box Purple	TBD	
Multi-Purpose Storage Box Yellow	TBD	
Forms		
Continuous Forms Leaders (10-pack)	[*]	per package
Laser Forms Leaders (10-pack)	[*]	per package
Mailing Labels		
Continuous Labels (2000)	[*]	per package
Laser Labels (2000)	[*]	per package
Miscellaneous		
Rolodex Cards (500)	[*]	per package
Deposit Bags (25)	[*]	per package
Deposit Bags (100)	[*]	per package

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BUSINESS RULES FOR SHIPPING COMPLETE ORDERS
EXHIBIT C

<u>BUSINESS RULES:</u>

These business rules pertain to the following combinations of items on the same order from the same facility with the same ship method.

Parts	Target Completion Dates
Checks/forms and envelopes	10-22-01
Multiple non-imprintables	11-05-01
Multiple imprintables and all non-imprintables	TBD
Other imprintables and envelopes	TBD
Multiple imprintables	TBD
Custom items and others	TBD

These business rules can be updated and amended at anytime as customer, business and system requirements change.

<u>ASSUMPTIONS</u>:

- All items on an order will be [*]. [*].
- One [*] will be created for and attached to [*]
- Items with a combined weight of over [*] or greater than [*] in girth will not be combined in the same package or box.
- If any single item requires [*], then all items on the order will not be [*]
- Items from the different product lines, FSG, USBP and P-TAP will ship [*].
- Items shipped directly from Harland and their other suppliers will [*].
- [*] will ship separately from other items.

<u>EXCEPTIONS:</u>

<u>Orders on hold.</u> This is for COSMOS OC holds at Harland.

— If the order is on hold and the customer requests an item to be released, then this item will be [*], and data entered [*].

— [*]

<u>Orders out-of-stock.</u> If one item is out of stock, the item(s) in stock will ship immediately, and the out-of-stock item will ship separately once it available.

<u>Internal Harland errors.</u> If there is an internal Harland error on an item, i.e. a void, and the item needs to be reprinted, all items on the order will be held until all products are ready to ship. At that time, the complete order will ship together.

Note: The current Harland void rate is [*]%, with a delay time of approximately [*].

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Internal Intuit errors. If there is an internal Intuit error, and Harland catches the error, the item will be reprinted through the Challenged Order Process. This process will generate a new customer order for the reprinted items, so the items will ship separately.

Note: The current Harland void rate is [*]%, with a delay time of approximately [*].

Custom Products. If an order has an item that needs custom work, and that item is routed for production to Milton, the corresponding non-imprintable or imprintable items on the order may also route to Milton. This rule is based on whether the routing makes sense, and if dates in the Harland and COSMOS systems can be utilized to trigger the routing and shipping of the items.

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EXHIBIT 10.02
*CONFIDENTIAL TREATMENT REQUESTED

AGREEMENT FOR PURCHASE OF INTUIT-OWNED INVENTORY FOR FSG AND P-TAP NON-IMPRINTABLE PRODUCTS

This Agreement For Purchase of Intuit-Owned Inventory For FSG and P-TAP Non-Imprintable Products (this “Buyback Agreement”) is made and entered into as of October 25, 2001 by and between Intuit Inc. (“Intuit”) and the John H. Harland Company (“Harland”).

RECITALS

A. Intuit and Harland are parties to a Supply Agreement made and entered into as of January 1, 2000 (“Supply Agreement”).

B. Intuit and Harland are parties to the Term Sheet For Fulfillment Products and Services for FSG and P-TAP Non-Imprintable Products (the “Term Sheet”) made and entered into as of October 25, 2001 to be replaced and superceded by an addendum to the Supply Agreement (“Addendum”) by November 30, 2001.

C. The parties are entering into this Buyback Agreement for the purchase by Harland from Intuit of certain additional Intuit-owned inventories to support fulfillment activities pursuant to the Term Sheet and the Addendum; in particular, Harland will purchase or buyback the inventory for FSG and P-TAP non-imprintable supplies products owned by Intuit for which Harland will provide warehousing and fulfillment services. These products are the ProSeries and EasyACCT products (“P-TAP) and the specific FSG non-imprintable products listed in Exhibit A, “Intuit Owned Supplies Inventories for Purchase by Harland” along with recent estimates of inventory quantities (collectively “Inventory”).

NOW THEREFORE, the parties hereby agree as follows:

1. **INVENTORY PURCHASE EFFECTIVE DATES**. The purchase amounts for the different Inventories will be determined by verifying the quantities owned by Intuit and on hand at Harland on the following effective dates:

(a) For P-TAP Inventory products, the effective date will be end of day, September 30, 2001;

(b) For other Inventory products, the effective date will be the day that the Inventory shipped from Intuit and Intuit’s suppliers have been received into inventory at Harland.

i. For FSG envelope Inventory products, the target date for Harland to have inventory available and ready to sell to customers will be October 22, 2001.

ii. For other FSG Inventory Products excluding storage boxes, the target date for Harland to have inventory available and ready to sell to customers will be November 5, 2001.

iii. For FSG storage boxes Inventory Products, the target date for Harland to have inventory available and ready to sell to customers will be February 4, 2002.

Intuit reserves the right to adjust the ship dates or target completion dates for certain products. Title will transfer upon receipt.

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2. **INVENTORY PURCHASE COSTS.** The costs of the Inventory to be purchased by Harland will be based on the following:

(a) For P-TAP Inventory products, the costs will be based on Harland's product prices, which are referenced in Exhibit A.

(b) For FSG envelopes Inventory products, the costs will be based on Harland's product prices, which are referenced in Exhibit A.

(c) For other Inventory products, the costs will be based on Intuit's Inventory costs, which are referenced in Exhibit A, excluding the prices for the storage boxes. The storage box prices will be calculated closer to the date on which the products are available to sell to Intuit customers at Harland, which is scheduled to be February 1, 2002.

Intuit reserves the right to change the cost basis of the other Inventory products referenced in subsection (c) above to Harland's costs, based on Harland's future pricing of these products.

3. **INVOICING.** Once Harland purchases the Inventories from Intuit, Harland will invoice Intuit for these products as the products are shipped to end customers at the product prices referenced in Exhibit A, plus fulfillment fees as defined in the Addendum. Payment terms for such invoices will be as specified in Section 42 (Payment Terms) of the Supply Agreement, subject to the following exception. The exception to Section 42 (Payment Terms) is the two percent (2%) discount for early payment as it may apply to P-TAP non-imprintable products listed in this Buyback Agreement. Such P-TAP products will not receive this discount, and will be billed on a separate invoice from the other FSG products. All other FSG products will receive the two percent (2%) discount.

4. **INVENTORY QUALITY.** Harland is not responsible for the quality of the Inventory products, or the shelf life of these Inventory products owned by Intuit and/or Intuit's suppliers, as received by Harland as part of this Buyback Agreement.

5. **VERIFICATION AND PAYMENT TERMS FOR INVENTORY PURCHASE.**

(a) Harland shall provide Intuit with the physical count of on-hand Inventory quantities for any FSG and P-TAP non-imprintable Inventory products owned by Intuit as of the effective dates referenced in Section 1 above within 5 business days after the applicable effective dates.

(b) Intuit will verify the Inventory quantities. This includes reconciling the Inventories shipped and received amounts, and accounting for any discrepancies. In lieu of Intuit's on-site verification of counts, Intuit will not contest Harland's Inventory counts.

(c) Using the cost basis referenced in Section 2, Intuit will provide Harland with the invoice amounts for the Inventories.

(d) Harland will verify the invoice amounts.

(e) Intuit will send Harland an invoice for the total amount of the Inventory quantities, minus a 2% discount based solely on the amounts for FSG envelopes and other FSG products.

(f) The Intuit invoice to Harland will be sent effective November 30, 2001 with a payment date for the entire amount 30 days after this.

(g) Harland will submit to Intuit the entire amount of the November 30 invoice by December 30, 2001.

6. **INVENTORY MANAGEMENT.** For Inventory that Harland purchases from Intuit that remains in storage past [*] from the applicable effective date of Harland's purchase ("Excess Inventory"), Intuit has the option(s) to do one or more of the following:

(a) [*] and [*].

(b) [*] and pay Harland for the [*] Inventory that is not Intuit-owned at a cost not to exceed [*]

(c) Pay Harland a [*] per pallet per month storage cost for the Inventory in excess of [*] age until these particular Inventories are no longer in stock.

7. **PRIVACY AND SECURITY STANDARDS.** Harland and Intuit agree that Harland's performance under this Buyback Agreement and the Supply Agreement will be subject to Harland's compliance with Intuit's then-current privacy and security standards.

8. **CONFIDENTIALITY OF TERMS OF AGREEMENT AND PURCHASE INFORMATION**. The terms of this Buyback 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 Buyback Agreement is legally required to disclose terms of this Buyback 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.

9. **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 any other material the customer may receive or perceive in connection with delivery of his/her order.

10. **DIRECT ORDERS AND INQUIRIES**. Neither Harland nor any of its affiliates will sell Inventory 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 Inventory products from any party other than Intuit or any of its affiliates and will refer all inquiries for same to Intuit.

11. **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.

12. **MODIFICATIONS TO THIS BUYBACK AGREEMENT**. No modification or amendment to this Buyback Agreement shall be effective unless it is executed in writing by both parties.

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13. ASSIGNMENT. This Buyback Agreement will bind and inure to the benefit of each party's permitted successors and assigns. Harland may not assign this Buyback Agreement, in whole or in part, without Intuit's written consent. Any attempt by Harland to assign this Buyback Agreement without such consent will be null and void. During the Term of this Buyback Agreement Harland agrees not to sell its interest in all or substantially all of the assets required to perform its obligations under this Buyback 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 Buyback 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.

14. GOVERNING LAW. This Buyback 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.

15. SEVERABILITY. If any provision of this Buyback 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 Buyback Agreement will nevertheless remain in full force and effect.

16. NOTICES. All notices under this Buyback Agreement will be deemed to have been given for purposes of this Buyback 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 Buyback 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:

If to Intuit:	Intuit Inc. 2650 Casey Avenue Mountain View, CA 94043 Attn: Vice President and General Manager, Financial Supplies Group Fax: (650) 944-2755
with a copy to:	Intuit Inc. 2550 Garcia Avenue Mountain View, CA 94043 Attn: General Counsel Fax: (650) 944-5656

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

17. INDEPENDENT CONTRACTORS. The parties to this Buyback 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.

18. WAIVER. No failure of either party to exercise or enforce any of its rights under this Buyback 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.

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

IN WITNESS WHEREOF, Intuit and Harland have executed and entered into this Buyback Agreement by their duly authorized representatives.

JOHN H. HARLAND COMPANY		**INTUIT INC**	
By:	/s/ MARTIN E. KERNER	By:	/s/ LORRIE M. NORRINGTON
Printed Name:	Martin E. Kerner	Printed Name:	Lorrie M. Norrington
Title:	VP, General Manager	Title:	SVP, Small Business
Date:	October 29, 2001	Date:	November 6, 2001

EXHIBIT A

Intuit Owned Supplies Inventory for Purchase by Harland

P-TAP BUYBACK PROPOSAL
(estimated inventory values effective 9-30-01) **$[*]**

Brand	DESCRIPTION	On Hand as of 9-30-01	Sell Basis	Price Per Item	Proposed Purchase Price
USBP	CK STOCK 1000 SHEET-FED BLANK (Blue)	[*]	Harland	[*]	[*]
USBP	CK STOCK 1000 SHEET-FED BLANK (Green)	[*]	Harland	[*]	[*]
USBP	15900 ENVELOPES 500 DOUBLE-WINDOW CHECK	[*]	Harland	[*]	[*]
USBP	15901 ENVELOPES 500 DOUBLE-WINDOW CHECK	[*]	Harland	[*]	[*]
P-TAP	FSH-98	[*]	Harland	[*]	[*]
P-TAP	FLH-98	[*]	Harland	[*]	[*]
P-TAP	FSW-98	[*]	Harland	[*]	[*]
P-TAP	FLW-98	[*]	Harland	[*]	[*]
P-TAP	FLR-98	[*]	Harland	[*]	[*]
P-TAP	FSG-98	[*]	Harland	[*]	[*]
P-TAP	FLG-98	[*]	Harland	[*]	[*]
P-TAP	FSB-98	[*]	Harland	[*]	[*]
P-TAP	FLB-98	[*]	Harland	[*]	[*]
P-TAP	FSR	[*]	Harland	[*]	[*]
P-TAP	TPH	[*]	Harland	[*]	[*]
P-TAP	TPR	[*]	Harland	[*]	[*]
P-TAP	ESVB	[*]	Harland	[*]	[*]
P-TAP	EF6	[*]	Harland	[*]	[*]
P-TAP	EF6-SS	[*]	Harland	[*]	[*]
P-TAP	EF9	[*]	Harland	[*]	[*]
P-TAP	EF9-SS	[*]	Harland	[*]	[*]
P-TAP	EOL	[*]	Harland	[*]	[*]
P-TAP	EOL-SS	[*]	Harland	[*]	[*]
P-TAP	EOP	[*]	Harland	[*]	[*]
P-TAP	EOP-SS	[*]	Harland	[*]	[*]
P-TAP	EOXL	[*]	Harland	[*]	[*]
P-TAP	EOXP	[*]	Harland	[*]	[*]
P-TAP	EXPAN	[*]	Harland	[*]	[*]

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EXHIBIT A

Intuit Owned Supplies Inventory for Purchase by Harland

FSG BUYBACK PROPOSAL
(estimated inventory values) **$[*]**

	DESCRIPTION	Envelopes estimated as of 10-20, Other Products as of 11-04	Pricing	Sell Basis	Proposed Selling Price
FSG	ENV STD 250-PACK	[*]	[*]	Harland	[*]
FSG	ENV STD 500-PACK	[*]	[*]	Harland	[*]
FSG	ENV WAL 250-PACK	[*]	[*]	Harland	[*]
FSG	ENV 250-PACK DOUBLE WINDOWS INVOICE	[*]	[*]	Harland	[*]
FSG	ENV WAL PLUS 250-PACK	[*]	[*]	Harland	[*]
FSG	ENV WAL PLUS 500-PACK	[*]	[*]	Harland	[*]
FSG	100 DOUBLE WINDOW WALLET ENV	[*]	[*]	+Harland	[*]
FSG	ENV STD SELF SEAL 250 PACK	[*]	[*]	Harland	[*]
FSG	ENVELOPE 250-PK DW SELF-SEAL INVOICE	[*]	[*]	Harland	[*]
FSG	ENV STD SELF SEAL 500 PACK	[*]	[*]	Harland	[*]
FSG	LBL SHEET ADDRESS (2000)	[*]	[*]	Intuit	[*]
FSG	PPR 2-1/8 LASER ROLODEX (500/PK)	[*]	[*]	Intuit	[*]
FSG	25 DISPOSABLE DEPOSIT BAGS	[*]	[*]	Intuit	[*]
FSG	100 DISPOSABLE DEPOSIT BAGS	[*]	[*]	Intuit	[*]
FSG	PPR CONT. FORMS LEADER	[*]	[*]	Intuit	[*]
FSG	PPR LASER SINGLE SHEET FORMS	[*]	[*]	Intuit	[*]

+ Harland pricing for this product was derived utilizing a weighted average calculation based on months of inventory for forecasted unit sales of 250 and 100 packages

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Exhibit 10.03

INTUIT INC.

1993 EQUITY INCENTIVE PLAN

As Adopted February 1, 1993
and As Amended through January 16, 2002

1. PURPOSE. The purpose of the Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company (or any Parent, Subsidiary or Affiliate of the Company), by offering those persons an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock, Stock Bonuses and Performance Awards. Capitalized terms are defined in Section 24 if they are not otherwise defined in other sections of the Plan.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Effective as of January 16, 2002, the total number of authorized Shares not issued or subject to outstanding grants under the Plan shall be 1,900,000 Shares. Subject to Sections 2.2 and 19, the total number of Shares reserved and available for grant and issuance pursuant to Awards granted and outstanding under the Plan shall be 63,935,000 Shares. Shares that are subject to Awards granted under the Plan (including but not limited to Awards that expire or become unexercisable for any reason without having been exercised) shall not become available for grant or issuance under the 2002 Equity Incentive Plan. At all times the Company will reserve and keep available a sufficient number of Shares to satisfy the requirements of all outstanding Awards granted under the Plan.

2.2 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance under the Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options, and (c) the number of Shares subject to other outstanding Awards, will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided that fractions of a Share will not be issued but will either be paid in cash at Fair Market Value, or will be rounded up to the nearest Share, as determined by the Committee; and provided further that the Exercise Price of any Option may not be decreased to below the par value of the Shares.

3. ELIGIBILITY. ISOs may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. All other Awards may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any Parent, Subsidiary or Affiliate of the Company; provided that such consultants, contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. A person may be granted more than one Award under the Plan. Each person is eligible to receive Awards with respect to an aggregate maximum of 2,000,000 Shares over the term of the Plan.

4. ADMINISTRATION.

4.1 Committee Authority. The Plan shall be administered by the Committee. Subject to the terms and conditions of the Plan, the Committee will have full power to implement and carry out the Plan. Without limiting the previous sentence, the Committee will have the authority to:

(a) construe and interpret the Plan, any Award Agreement and any other agreement or document executed pursuant to the Plan;

(b) prescribe, amend and rescind rules and regulations relating to the Plan, including determining the forms and agreements used in connection with the Plan; provided that the Committee may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources, in consultation with the General Counsel, the authority to approve revisions to the forms and agreements used in connection with the Plan that are designed to facilitate Plan administration, and that are not inconsistent with the Plan or with any resolutions of the Committee relating to the Plan;

(c) select persons to receive Awards; provided that the Committee may delegate to one or more executive officers of the Company the authority to grant an Award under the Plan to Participants who are not Insiders of the Company;

(d) determine the terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Awards under the Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;

(g) grant waivers of Plan or Award conditions;

(h) determine the vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or any Award Agreement;

(j) determine whether an Award has been earned;

(k) amend the Plan, except for amendments that increase the number of Shares available for issuance under the Plan or change the eligibility criteria for participation in the Plan; or any other amendments that require approval of the stockholders of the Company; or

(l) make all other determinations necessary or advisable for the administration of the Plan.

4.2 Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by Participant or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Participant.

5. OPTIONS. The Committee may grant Options to eligible persons and will determine (i) whether the Options will be ISOs or NQSOs; (ii) the number of Shares subject to the Option, (iii) the Exercise Price of the Option, (iv) the period during which the Option may be exercised, and (v) all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under the Plan will be evidenced by a Stock Option Agreement that will expressly identify the Option as an ISO or NQSO. The Stock Option Agreement will be substantially in a form (which need not be the same for each Participant) that the Committee or an officer of the Company (pursuant to Section 4.1(b)) has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant the Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement, and a copy of the Plan and the current Prospectus for the Plan (plus any additional documents required to be delivered under applicable laws), will be delivered to the Participant within a reasonable time after the

Option is granted. The Plan, the Prospectus and other documents may delivered in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5.3 Exercise Period and Expiration Date. Options will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Stock Option Agreement, subject to the provisions of Section 5.6, and subject to Company policies established by the Committee (or by individuals to whom the Committee has delegated responsibility) from time to time with respect to vesting during leaves of absences. The Stock Option Agreement shall set forth the last date that the option may be exercised (the "Expiration Date"); provided that no Option will be exercisable after the expiration of ten years from the date the Option is granted; and provided further that no ISO granted to a Ten Percent Stockholder will be exercisable after the expiration of five years from the date the Option is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares subject to the Option as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may be less than Fair Market Value (but not less than the par value of the Shares); provided that (i) the Exercise Price of an ISO will not be less than the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 of the Plan and the Stock Option Agreement.

5.5 Procedures for Exercise. A Participant may exercise Options by following the procedures established by the Company's Stock Administration Department, as communicated and made available to Participants through the stock pages on the Intuit Legal Department intranet web site, and/or through the Company's electronic mail system.

5.6 Termination.

(a) Vesting. Any Option granted to a Participant will cease to vest on the Participant's Termination Date, if the Participant is Terminated for any reason other than "total disability" (as defined in this Section 5.6(a)) or death (or his or her death occurs within three months of Termination). Any Option granted to a Participant who is an employee or a director will vest as to 100% of the Shares subject to such Option, if the Participant is Terminated due to "total disability" or death (or his or her death occurs within three months of Termination). For purposes of this Section 5.6(a), "total disability" shall mean: (A) (i) for so long as such definition is used for purposes of the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan, that the Participant is unable to perform each of the material duties of any gainful occupation for which the Participant is or becomes reasonably fitted by training, education or experience and which total disability is in fact preventing the Participant from engaging in any employment or occupation for wage or profit; or, (ii) if such definition has changed, such other definition of "total disability" as determined under the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (B) the Company shall have received from the Participant's primary physician a certification that the Participant's total disability is likely to be permanent.

(b) Post-Termination Exercise Period. Following a Participant's Termination, the Participant's Option may be exercised to the extent vested as set forth in Section 5.6(a):

(i) no later than 90 days after the Termination Date if a Participant is Terminated for any reason except death or Disability, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option; or

(ii) no later than (A) twelve months after the Termination Date in the case of Termination due to Disability or (B) eighteen months after the Termination Date in the case of Termination due to death or if a Participant dies within three months of the Termination Date, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's

Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option.

5.7 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option; provided that the minimum number will not prevent a Participant from exercising an Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under the Plan or under any other incentive stock option plan of the Company or any Affiliate, Parent or Subsidiary of the Company) shall not exceed $100,000. If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds $100,000, the Options for the first $100,000 worth of Shares to become exercisable in that calendar year will be ISOs, and the Options for the Shares with a Fair Market Value in excess of $100,000 that become exercisable in that calendar year will be NQSOs. If the Code is amended after the Effective Date of the Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit shall be automatically incorporated into the Plan and will apply to any Options granted after the effective date of the amendment.

5.9 Notice of Disqualifying Dispositions of Shares Acquired on Exercise of an ISO. If a Participant sells or otherwise disposes of any Shares acquired pursuant to the exercise of an ISO on or before the later of (1) the date two years after the Date of Grant, and (2) the date one year after the exercise of the ISO (in either case, a "Disqualifying Disposition"), the Participant must immediately notify the Company in writing of such disposition. The Participant may be subject to income tax withholding by the Company on the compensation income recognized by the Participant from the Disqualifying Disposition.

5.10 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor; provided that any such action may not, without the written consent of Participant, impair any of Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered shall be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected, by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of the Plan for Options granted on the date the action is taken to reduce the Exercise Price; and provided, further, that the Exercise Price shall not be reduced below the par value of the Shares.

5.11 No Disqualification. Notwithstanding any other provision in the Plan, no term of the Plan relating to ISOs will be interpreted, amended or altered, and no discretion or authority granted under the Plan will be exercised, so as to disqualify the Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS. The Committee may award Restricted Stock Awards under the Plan to any eligible person. The Committee will determine the number of Shares subject to the Restricted Stock Award, the Purchase Price, the restrictions on the Shares and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by Restricted Stock Purchase Agreement, which will be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. A Participant can accept a Restricted Stock Award only by signing and delivering to the Company a Restricted Stock Purchase Agreement, and full payment of the Purchase Price, within thirty days from the date the Restricted Stock Purchase Agreement was delivered to the Participant. If the Participant does not accept the Restricted Stock Award in this manner within thirty days, then the offer of the Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee, and may be less than Fair Market Value (but not less than the par value of the Shares) on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 9 of the Plan and the Restricted Stock Purchase Agreement, and in accordance with any procedures established by the Company's Stock Administration Department, as communicated and made available to Participants through the stock pages on the Intuit Legal Department intranet web site, and/or through the Company's electronic mail system.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to all restrictions, if any, that the Committee may impose. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's Restricted Stock Purchase Agreement, which shall be in substantially in a form (which need not be the same for each Participant) as the Committee or an officer of the Company (pursuant to Section 4.1(b)) shall from time to time approve, and shall comply with and be subject to the terms and conditions of the Plan and the Restricted Stock Purchase Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment for Shares to be purchased under any Restricted Stock Award, the Committee shall determine the extent to which such Restricted Stock Award has been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum Restricted Stock Award for each Participant with respect to any Performance Period shall be thirty percent of the Shares reserved for issuance under the Plan.

7. STOCK BONUSES.

7.1 Awards of Stock Bonuses. The Committee may award Stock Bonuses to any eligible person. No payment will be required for Shares awarded pursuant to a Stock Bonus. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent, Subsidiary or Affiliate of the Company pursuant to a Stock Bonus Agreement, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan.

7.2 Terms of Stock Bonuses. Stock Bonuses will be subject to all restrictions, if any, that the Committee imposes. These restrictions may be based upon completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's Stock Bonus Agreement. The terms of Stock Bonuses may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Stock Bonus, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the issuance of any Shares or other payment to a Participant pursuant to a Stock Bonus, the Committee will determine the extent to which the Stock Bonus has been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonuses that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum Stock Bonus for each Participant with respect to any Performance Period shall be thirty percent of the Shares reserved for issuance under the Plan.

7.3 Form of Payment to Participant. The Committee will determine whether a Stock Bonus will be paid to the Participant in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value on the date of payment, and in either a lump sum payment or in installments.

7.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then the Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Stock Bonus only to the extent earned as of the date of Termination in accordance with the Stock Bonus Agreement, unless the Committee determines otherwise.

8. PERFORMANCE AWARDS.

8.1 Performance Awards. A Performance Award consists of the grant to a Participant of a specified number of Performance Units. The grant of a Performance Unit to a Participant will entitle the Participant to receive a specified dollar value, variable under conditions specified in the Performance Award, if the performance goals specified in the Performance Award are achieved and the other terms and conditions of the Performance Award are satisfied.

8.2 Terms of Performance Awards. Each Performance Award shall be evidenced by a Performance Award Agreement, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. Performance Awards will be subject to all conditions, if any, that the Committee may impose. Prior to the grant of a Performance Award, the Committee will: (a) specify the number of Performance Units granted to the Participant; (b) specify the threshold and maximum dollar values of Performance Units and the corresponding performance goals; (c) determine the nature, length and starting date of any Performance Period for the Performance Award; and (d) specify the Performance Factors to be used to measure performance goals. Prior to the payment of any Performance Award, the Committee will determine the extent to which the Performance Units have been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum amount of any Performance Award for each Participant with respect to any Performance Period shall be the lesser of 250% of Participant's base salary at the time of the Performance Award or $1,000,000.

8.3 Form of Payment to Participant. Performance Awards may be paid to a Participant currently or on a deferred basis with such reasonable interest or dividend equivalent, if any, as the Committee determines. The Committee will determine whether a Performance Award will be paid in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value on the date of payment, and in either a lump sum payment or in installments.

8.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then the Participant will be entitled to payment with respect to the Performance Awards only to the extent earned as of the date of Termination in accordance with the Performance Award Agreement, unless the Committee determines otherwise.

9. PAYMENT FOR SHARE PURCHASES.

9.1 Payment. Payment for Shares purchased pursuant to the Plan may be made by any of the following methods (or any combination of such methods) that are described in the applicable Stock Option Agreement or other Award Agreement and that are permitted by law:

(a) in cash (by check);

(b) by cancellation of indebtedness of the Company to the Participant;

(c) by surrender of Shares that either: (1) were obtained by the Participant in the public market; or (2) if the Shares were not obtained in the public market, they have been owned by the Participant for more than six months and have been paid for within the meaning of SEC Rule 144 (and, if the Shares were purchased from the Company by use of a promissory note, the note has been fully paid with respect to the Shares);

(d) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; provided, however, that a Participant who is not an employee of the Company may not purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; and provided, further, that the portion of the Purchase Price or Exercise Price equal to the par value of the Shares must be paid in cash.

(e) by waiver of compensation due or accrued to Participant for services rendered;

(f) by tender of property; or

(g) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares purchased in order to pay the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from Participant and an NASD Dealer whereby Participant irrevocably elects to exercise the Option and to pledge the Shares purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company.

9.2 Loan Guarantees. The Committee may, in its sole discretion, help a Participant pay for Shares purchased under the Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

9.3 Issuance of Shares. Upon payment of the applicable Purchase Price or Exercise Price (or a commitment for payment from the NASD Dealer designated by the Participant in the case of an exercise by means of a "same-day sale" or "margin" commitment), and compliance with other conditions and procedures established by the Company for the purchase of shares, the Company shall issue the Shares registered in the name of Participant (or in the name of the NASD Dealer designated by the Participant in the case of an exercise by means of a "same-day sale" or "margin" commitment) and shall deliver certificates representing the Shares (in physical or electronic form, as appropriate). The Shares may be subject to legends or other restrictions as described in Section 14 of the Plan.

10. WITHHOLDING TAXES.

10.1 Withholding Generally. Whenever Shares are to be issued under Awards granted under the Plan, the Company may require the Participant to pay to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate(s) for the Shares. If a payment in satisfaction of an Award is to be made in cash, the payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

10.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may, in its sole discretion, allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Committee.

11. PRIVILEGES OF STOCK OWNERSHIP. No Participant will have any rights as a stockholder of the Company with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to the Shares; provided, however, that if the Shares are Restricted Stock, any new, additional or different securities the Participant may become entitled to receive with respect to the Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the

Restricted Stock; provided further, that the Participant will have no right to retain such dividends or distributions with respect to Shares that are repurchased at the Participant's original Exercise Price or Purchase Price pursuant to Section 13.

12. TRANSFERABILITY. Awards granted under the Plan, and any interest therein, shall not be transferable or assignable by the Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution or as consistent with the Plan and specific Award Agreement provisions relating thereto. During the lifetime of the Participant an Award shall be exercisable only by the Participant, and any elections with respect to an Award may be made only by the Participant.

13. RESTRICTIONS ON SHARES. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase all or a portion of a Participant's Shares that are not "Vested" (as defined in the Award Agreement), following the Participant's Termination, at any time within ninety days after the later of (i) the Participant's Termination Date or (ii) the date the Participant purchases Shares under the Plan, for cash or cancellation of purchase money indebtedness with respect to Shares, at the Participant's original Exercise Price or Purchase Price; provided that upon assignment of the right to repurchase, the assignee must pay the Company, upon assignment of the right to repurchase, cash equal to the excess of the Fair Market Value of the Shares over the original Purchase Price.

14. CERTIFICATES. All certificates for Shares or other securities delivered under the Plan (whether in physical or electronic form, as appropriate) will be subject to stock transfer orders, legends and other restrictions that the Committee deems necessary or advisable, including without limitation restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system on which the Shares may be listed.

15. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other transfer instruments approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company, to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under the Plan will be required to pledge and deposit with the Company all or part of the Shares purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in a form that the Committee has from time to time approved. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

16. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award shall not be effective unless the Award is in compliance with all applicable state, federal and foreign securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system on which the Shares may then be listed, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in the Plan, the Company shall have no obligation to issue or deliver certificates for Shares under the Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) completion of any registration or other qualification of such shares under any state, federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company shall be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state, federal or foreign securities laws, stock exchange or automated quotation system, and the Company shall have no liability for any inability or failure to do so.

17. NO OBLIGATION TO EMPLOY. Nothing in the Plan or any Award granted under the Plan shall confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary or Affiliate of the Company or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

18. EXCHANGE AND BUYOUT OF AWARDS. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Option previously granted with payment in cash, Shares or other consideration, based on such terms and conditions as the Committee and the Participant shall agree.

19. CORPORATE TRANSACTIONS.

19.1 Assumption or Replacement of Awards by Successor. In the event of (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company and the Awards granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Participants), (b) a dissolution or liquidation of the Company, (c) the sale of substantially all of the assets of the Company, or (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company), any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation, if any, refuses to assume or replace the Awards, as provided above, pursuant to a transaction described in this Section 19.1, such Awards shall expire in connection the transaction at such time and on such conditions as the Board shall determine.

19.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under Section 19.1, in the event of the occurrence of any transaction described in Section 19.1, any outstanding Awards shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, sale of assets or other "corporate transaction."

19.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under the Plan in substitution of such other company's award, or (b) assuming such award as if it had been granted under the Plan if the terms of such assumed award could be applied to an Award granted under the Plan. Such substitution or assumption shall be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under the Plan if the other company had applied the rules of the Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award shall remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

20. ADOPTION AND STOCKHOLDER APPROVAL. The Plan became effective on February 1, 1993, which was the date that it was adopted by the Board (the "Effective Date") and was approved by the stockholders on February 3, 1993.

21. TERM OF PLAN. The Plan will terminate ten years from the Effective Date.

22. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend the Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to the Plan. In addition, pursuant to Section 4.1(k), the Board has delegated to the Committee the authority to make certain amendments to the Plan. Notwithstanding the foregoing, neither the Board nor the Committee shall, without the approval of the stockholders of the Company, amend the Plan in any manner that requires such stockholder approval pursuant to the Code or the regulations promulgated thereunder as such provisions apply to ISO plans, or pursuant to the Exchange Act or any rule promulgated thereunder. In addition, no amendment that is detrimental to a Participant may be made to any outstanding Award without the consent of the Participant.

23. NONEXCLUSIVITY OF THE PLAN; UNFUNDED PLAN. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan shall be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases. The Plan shall be unfunded. Neither the Company nor the Board shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Company, the Committee, nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan.

24. DEFINITIONS. As used in the Plan, the following terms shall have the following meanings:

(a) "Affiliate" means any corporation that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation, where "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to cause the direction of the management and policies of the corporation, whether through the ownership of voting securities, by contract or otherwise.

(b) "Award" means any award under the Plan, including any Option, Restricted Stock or Stock Bonus.

(c) "Award Agreement" means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

(d) "Board" means the Board of Directors of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) "Committee" means the committee appointed by the Board to administer the Plan, or if no committee is appointed, the Board. Each member of the Committee shall be (i) a "non-employee director" for purposes of Section 16 and Rule 16b-3 of the Exchange Act, and (ii) an "outside director" for purposes of Section 162(m) of the Code, unless the Board has fewer than two such outside directors.

(g) "Company" means Intuit Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.

(h) "Disability" means a disability within the meaning of Section 22(e)(3) of the Code, as determined by the Committee.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

(j) "Exercise Price" means the price at which a Participant who holds an Option may purchase the Shares issuable upon exercise of the Option.

(k) "Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(1) if such Common Stock is then quoted on the NASDAQ National Market, its last reported sale price on the NASDAQ National Market on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;

(2) if such Common Stock is publicly traded and is then listed on a national securities exchange, the last reported sale price on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;

(3) if such Common Stock is publicly traded but is not quoted on the NASDAQ National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported by The Wall Street Journal, for the over-the-counter market; or

(4) if none of the foregoing is applicable, by the Board of Directors of the Company in good faith.

(l) "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(m) "ISO" means an Incentive Stock Option within the meaning of the Code.

(n) "NASD Dealer" means broker-dealer that is a member of the National Association of Securities Dealers, Inc.

(o) "NQSO" means a nonqualified stock option that does not qualify as an Incentive Stock Option within the meaning of the Code.

(p) "Option" means an award of an option to purchase Shares pursuant to Section 5 of the Plan.

(q) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if at the time of the granting of an Award under the Plan, each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(r) "Participant" means a person who receives an Award under the Plan.

(s) "Performance Award" means an award of Shares, or cash in lieu of Shares, pursuant to Section 8 of the Plan.

(t) "Performance Factors" means the factors selected by the Committee from among the following measures to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:

(1) Net revenue and/or net revenue growth;

(2) Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;

(3) Operating income and/or operating income growth;

(4) Net income and/or net income growth;

(5) Earnings per share and/or earnings per share growth;

(6) Total stockholder return and/or total stockholder return growth;

(7) Return on equity;

(8) Operating cash flow return on income;

(9) Adjusted operating cash flow return on income;

(10) Economic value added; and

(11) Individual business objectives.

(u) "Performance Period" means the period of service determined by the Committee, not to exceed five years, during which years of service or performance is to be measured for Restricted Stock Awards, Stock Bonuses or Performance Awards.

(v) "Plan" means this Intuit 1993 Equity Incentive Plan, as amended from time to time.

(w) "Prospectus" means the prospectus relating to the Plan, as amended from time to time, that is prepared by the Company and delivered or made available to Participants pursuant to the requirements of the Securities Act.

(x) "Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option.

(y) "Restricted Stock Award" means an award of Shares pursuant to Section 6 of the Plan.

(z) "SEC" means the Securities and Exchange Commission.

(aa) "Securities Act" means the Securities Act of 1933, as amended, and the regulations promulgated thereunder.

(bb) "Shares" means shares of the Company's Common Stock $0.01 par value, reserved for issuance under the Plan, as adjusted pursuant to Sections 2 and 19, and any successor security.

(cc) "Stock Bonus" means an award of Shares, or cash in lieu of Shares, pursuant to Section 7 of the Plan.

(dd) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(ee) "Ten Percent Stockholder" means any person who directly or by attribution owns more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company.

(ff) "Termination" or "Terminated" means, for purposes of the Plan with respect to a Participant, that the Participant has ceased to provide services as an employee, director, consultant, independent contractor or adviser, to the Company or a Parent, Subsidiary or Affiliate of the Company; provided that a Participant shall not be deemed to be Terminated if the Participant is on a leave of absence approved by the Committee or by an officer of the Company designated by the Committee; and provided further, that during any approved leave of absence, vesting of Awards shall be suspended or continue in accordance with guidelines established from time to time by the Committee. Subject to the foregoing, the Committee shall have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "Termination Date").

Exhibit 10.07

AMENDED AND RESTATED SECURED BALLOON PAYMENT PROMISSORY NOTE

$1,800,000.00 November 26, 2001

This Amended and Restated Secured Balloon Payment Promissory Note (the “Note”) documents the amendment of the Secured Balloon Payment Promissory Note dated as of November 28, 2000 to reduce the original maturity date of November 30, 2010 to November 24, 2010; to provide that effective November 26, 2001, interest shall accrue on the principal balance outstanding from time to time at the rate of four and nine one-hundredths percent (4.09%) per annum, compounded semiannually; and to reflect payment in full by Richard William Ihrie and Winnie Chang Ihrie of their $1,960,000.00 loan from Intuit Inc., cancellation of the Secured Bridge Loan Promissory Note evidencing such loan and the reconveyance of the related deed of trust in favor of Intuit for such loan.

1. Borrowers’ Promise to Pay. FOR VALUE RECEIVED, the undersigned RICHARD WILLIAM IHRIE and WINNIE CHANG IHRIE, husband and wife (collectively “Borrowers”), jointly and severally promise to pay to the order of INTUIT INC., a Delaware corporation (“Intuit”), at 2700 Coast Avenue, Mountain View, California 94043, Attention: Corporate Comptroller, in lawful money of the United States of America, without offset or deduction, on or before November 24, 2010 (the “Maturity Date”), the principal amount of ONE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS ($1,800,000.00), with interest as set forth herein. The address for receipt of payments hereunder may be changed at any time by the Note holder upon ten (10) days’ written notice to Borrowers.

2. Purpose of Loan. The loan evidenced by this Note is being made for the sole and exclusive purpose of assisting Borrowers with the purchase of residential real property located at ________________________________, California (the “Property”). Borrowers acknowledge that the benefits of this loan are not transferable.

3. Payments of Interest and Principal. This Note shall accrue interest from the date of disbursement of the loan through November 25, 2001 on the principal balance outstanding from time to time at the rate of six and nine one-hundredths percent (6.09%) per annum, compounded annually. Thereafter from November 26, 2001 to the date this Note is paid in full, this Note shall accrue interest on the principal balance outstanding from time to time at the rate of four and nine one-hundredths percent (4.09%). Borrowers shall pay to the Note holder, on or before the first day of August of each year during the term of this Note, an amount equal to all interest then accrued and unpaid. Borrowers shall pay the entire principal balance, all interest then accrued and unpaid, plus any other sums then due hereunder, to the Note holder on the Maturity Date set forth herein. In the event any sum due hereunder is not paid when due, interest shall be payable on the unpaid amount, commencing at the date payment was due and continuing until paid, at the rate of ten percent (10%) per annum. Payments shall be applied first to interest accrued and then to the principal balance. However, in no event shall the rate of interest payable

under this Note exceed the maximum rate permitted by applicable law, and if any payment in the nature of interest shall cause the maximum rate to be exceeded, the portion of the payment in excess of the maximum rate shall be applied to reduce the principal balance. Interest payments for periods less than a year shall be prorated based on a 360-day year.

4. Partial Forgiveness of Interest. On the first day of August, 2001, all interest then accrued (from the date of disbursement of the loan) was automatically forgiven and released by the Note holder for all purposes of this Note.

5. Right to Prepay. Provided Borrowers are not then in default hereunder, Borrowers shall have the right to prepay all or any part of the outstanding unpaid principal at any time without notice and without any prepayment charge.

6. Security. This Note is secured by a deed of trust dated November 28, 2000 (the "Deed of Trust") in favor of Intuit covering the Property, executed by Borrowers recorded in the Office of the County Recorder of San Mateo County, California as Document No. _____. Borrowers agree that all terms, covenants and conditions of the Deed of Trust are made a part of this Note.

7. Events Triggering Immediate Repayment. In the event (i) either of Borrowers' names is removed from record ownership of the Property for any reason, including, without limitation, as a result of divorce; or (ii) Borrowers transfer the Property or any material part thereof, or any interest therein is sold, agreed to be sold, conveyed or alienated, by operation of law or otherwise, then, in each case, the entire principal balance of this Note and all accrued interest, and irrespective of the Maturity Date set forth herein, shall become immediately due and payable.

8. Additional Events Triggering Acceleration. In the event Richard William Ihrie ceases for any reason, including death, permanent disability, retirement or termination, to be employed by Intuit Inc. or any of its subsidiary companies, then the entire principal balance of this Note and all accrued interest shall become due and payable on the earlier to occur of (i) one hundred eighty (180) days from the date of death or permanent disability or ten (10) days from the date of retirement or termination, as applicable, or (ii) the Maturity Date.

9. Insurance. Borrowers agree to keep the Property insured against loss until this loan is repaid in full with, if requested by the Note holder, a loss payable clause in favor of the Note holder.

10. Default.

(a) Events of Default. Borrowers shall be in default under this Note if any of the following happen:

(i) Borrowers do not pay the full amount of each payment required under this Note within five (5) days of the date when due, or fail to comply with any terms or conditions set forth in this Note; or

(ii) Borrowers fail to comply with any terms or conditions set forth in the Deed of Trust; or

(iii) Borrowers (or either of them) voluntarily file bankruptcy or seek legal relief from any debts under any state or federal law or if someone brings an involuntary petition in bankruptcy against them (or either of them).

(b) Rights of Note Holder Upon Default. If Borrowers are in default, then the entire balance of this Note, including all accrued interest, and irrespective of the Maturity Date set forth herein, at the option of the Note holder, shall become immediately due and payable and Note holder shall have all rights and remedies in this Note, the Deed of Trust, and at law and in equity. Borrowers promise to pay to the Note holder all costs, charges and expenses, including attorneys' fees, incurred in collection of the amounts due under this Note, whether by foreclosure of the Deed of Trust or by other legal proceedings or otherwise.

11. California Civil Code §2966. This Note is subject to Section 2966 of the California Civil Code, which provides that the holder of this Note shall give written notice to the Borrowers, or their successors in interest, of prescribed information at least 90 and not more than 150 days before any balloon payment is due.

12. Borrowers' Waivers. Acceptance of any payment after default shall not constitute a waiver of any such default. Any extension of time of payment of any amounts due hereunder shall not affect the liability of Borrowers, who hereby jointly and severally waive demand, presentment for payment, notice of nonpayment, protest and notice of protest.

13. Entire Agreement. This Note contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior written or oral agreements between the parties with respect to the subject matter hereof, and no addition to or modification of any term or provision shall be effective unless set forth in writing, signed by all the parties hereto. Time is of the essence for the performance of each and every covenant of Borrowers hereunder.

14. California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

By executing this Note, Borrowers each agree that he or she has received a fully completed copy of this Note.

BORROWERS:

/s/ Richard William Ihrie	/s/ Winnie Chang Ihrie
RICHARD WILLIAM IHRIE	WINNIE CHANG IHRIE

Exhibit 10.08

AMENDED AND RESTATED SECURED PROMISSORY NOTE

$200,000.00 November 26, 2001

This Amended and Restated Secured Promissory Note (the “Note”) documents the amendment of the Secured Promissory Note dated as of March 23, 1999 to provide that effective November 26, 2001, interest shall accrue on the principal balance outstanding from time to time at the rate of two and seventy-one one-hundredths percent (2.71%) per annum, compounded semiannually.

1. Borrower’s Promise to Pay. FOR VALUE RECEIVED, the undersigned BROOKS W. FISHER (“Borrower”), promises to pay to the order of INTUIT INC., a Delaware corporation (“Intuit”), at 2550 Garcia Avenue, Mountain View, California 94043, Attention: Corporate Comptroller, in lawful money of the United States of America, without offset or deduction, on or before March 22, 2004 (the “Maturity Date”), the principal amount of TWO HUNDRED THOUSAND AND NO/100 DOLLARS ($200,000.00), with interest as set forth herein. The address for receipt of payments hereunder may be changed at any time by the Note holder upon ten (10) days’ written notice to Borrower.

2. Purpose of Loan. The loan evidenced by this Note is being made for the sole and exclusive purpose of assisting Borrower with the purchase of his residential real property located at ______________________________, California (the “Property”). Borrower acknowledges that the benefits of this loan are not transferable.

3. Payments of Interest and Principal. This Note shall accrue interest from the date of disbursement of the loan through November 25, 2001 on the principal balance outstanding from time to time at the rate of four and sixty-seven one-hundredths percent (4.67%) per annum, compounded annually. Thereafter, from November 26, 2001 to the date this Note is paid in full, this Note shall accrue interest on the principal balance outstanding from time to time at the rate of two and seventy-one one-hundredths percent (2.71%) per annum, compounded semiannually. Borrower shall pay to the Note holder, on March 23, 2000 and on each March 23rd thereafter through the term of this Note (“Anniversary Date”), (i) a principal payment in an amount not less than FORTY THOUSAND AND NO/100 DOLLARS ($40,000.00) and (ii) all interest then accrued and unpaid. Subject to the foregoing, the entire then-outstanding principal balance, all interest then accrued and unpaid, plus any other sums then due hereunder, shall be due and payable to the Note holder on the Maturity Date set forth herein. In the event any sum due hereunder is not paid when due, interest shall be payable on the unpaid amount, commencing at the date payment was due and continuing until paid, at the rate of nine and one-half percent (9.5%) per annum. Payments shall be applied first to interest accrued and then to the principal balance. However, in no event shall the rate of interest payable under this Note exceed the maximum rate permitted by applicable law, and if any payment in the nature of interest shall cause the maximum rate to be exceeded, the portion of the payment in excess of the maximum rate shall be applied to reduce the principal balance. Interest payments for periods less than a year shall be prorated based on a 360-day year.

4. Right to Prepay. Provided Borrower is not then in default hereunder, Borrower shall have the right to prepay all or any part of the outstanding unpaid principal at any time without notice and without any prepayment charge.

5. Annual Forgiveness of Accrued Interest. Provided that one or more of the following events has not occurred: (i) an event triggering immediate repayment, as set forth in Sections 7 and 8 below; or (ii) an event of default, as set forth in Section 10 below, on each Anniversary Date under this Note, including the Maturity Date, the accrued interest then due shall automatically be forgiven and released by Intuit for all purposes of this Note.

6. Security. This Note is secured by a deed of trust dated March 23, 1999 (the "Deed of Trust") in favor of Intuit covering the Property, executed by Borrower. The Deed of Trust was recorded on March 26, 1999 in the Office of the County Recorder of Santa Clara County, California as Document No. __________. The Deed of Trust is junior only to a deed of trust in favor of First Mortgage Network, Inc. dba American Financial Investment, securing a note in a face amount not to exceed $400,000.00. Borrower agrees that all terms, covenants and conditions of the Deed of Trust are made a part of this Note.

7. Events Triggering Immediate Repayment. In the event (i) Borrower's name is removed from record ownership of the Property for any reason, or (ii) Borrower transfers the Property or any part thereof, or any interest therein is sold, agreed to be sold, conveyed or alienated, by operation of law or otherwise, then the entire principal balance of this Note and all accrued interest, and irrespective of the Maturity Date set forth herein, shall become immediately due and payable.

8. Additional Events Triggering Acceleration. In the event Borrower ceases for any reason, including death, permanent disability, retirement or termination, to be employed by Intuit Inc. or any of its subsidiary companies, then the entire principal balance of this Note and all accrued interest shall become due and payable on the earlier to occur of (i) ninety (90) days from the date of death or permanent disability or ten (10) days from the date of retirement or termination, as applicable, or (ii) the Maturity Date.

9. Insurance. Borrower agrees to keep the Property insured against loss until this loan is repaid in full with, if requested by the Note holder, a loss payable clause in favor of the Note holder.

10. Default.

a. Events of Default. Borrower shall be in default under this Note if any of the following happen:

(i) Borrower does not pay the full amount of each payment required under this Note within five (5) days of the date when due, or fails to comply with any terms or conditions set forth in this Note; or

(ii) Borrower fails to comply with any terms or conditions set forth in the Deed of Trust; or

(iii) Borrower voluntarily files bankruptcy or seeks legal relief from any debts under any state or federal law or if someone brings an involuntary petition in bankruptcy against him.

b. Rights of Note Holder Upon Default. If Borrower is in default, then the entire balance of this Note, including all accrued interest, and irrespective of the Maturity Date set forth herein, at the option of the Note holder, shall become immediately due and payable and Note holder shall have all rights and remedies in this Note, the Deed of Trust, and at law and in equity. Borrower promises to pay to the Note holder all costs, charges and expenses, including attorneys' fees, incurred in collection of the amounts due under this Note, whether by foreclosure of the Deed of Trust or by other legal proceedings or otherwise.

11. Borrower's Waivers. Acceptance of any payment after default shall not constitute a waiver of any such default. Any extension of time of payment of any amounts due hereunder shall not affect the liability of Borrower, who hereby waives demand, presentment for payment, notice of nonpayment, protest and notice of protest.

12. Entire Agreement. This Note contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior written or oral agreements between the parties with respect to the subject matter hereof, and no addition to or modification of any term or provision shall be effective unless set forth in writing, signed by all the parties hereto. Time is of the essence for the performance of each and every covenant of Borrower hereunder.

13. California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

By executing this Note, Borrower agrees that he has received a fully completed copy of this Note.

BORROWER:

/s/ Brooks W. Fisher

BROOKS W. FISHER

Exhibit 10.09

AMENDED AND RESTATED SECURED BALLOON PAYMENT PROMISSORY NOTE

$4,375,000.000 November 26, 2001

This Amended and Restated Secured Balloon Payment Promissory Note (the "Note") documents the amendment of the Secured Balloon Payment Promissory Note dated as of February 17, 2000 to eliminate the accrual of interest on the Note in accordance with the terms hereof for so long as Stephen M. Bennett is an Intuit employee providing substantial services.

1. Borrowers' Promise to Pay. FOR VALUE RECEIVED, the undersigned STEPHEN M. BENNETT and MARSHA C. JORDAN, husband and wife (collectively "Borrowers"), jointly and severally promise to pay to the order of INTUIT INC., a Delaware corporation ("Intuit"), at 2550 Garcia Avenue, Mountain View, California 94043, Attention: Corporate Comptroller, in lawful money of the United States of America, without offset or deduction, on or before February 17, 2010 (the "Maturity Date"), the principal amount of FOUR MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS ($4,375,000.00), with interest as set forth herein. The address for receipt of payments hereunder may be changed at any time by the Note holder upon ten (10) days' written notice to Borrowers.

2. Purpose of Loan. The loan evidenced by this Note is being made for the sole and exclusive purpose of assisting Borrowers with the purchase of residential real property located at ______________________________, California (the "Property"). The Property is the new principal residence of Stephen M. Bennett, an employee of Intuit, acquired in connection with his relocation to a new principal place of work. Borrowers acknowledge that the benefits of this loan are not transferable.

3. Payments of Interest and Principal.

a. Accrual of Interest. From the date of disbursement of the loan through July 31, 2000, the date Borrowers made their first payment of accrued interest, this Note accrued interest on the principal balance outstanding from time to time at the rate of six and seventy-seven one-hundredths percent (6.77%) per annum, compounded annually. From August 1, 2000 through the date that Stephen M. Bennett ceases to be an employee of Intuit providing substantial services, no interest shall accrue under the Note. Effective on the date Stephen M. Bennett ceases to provide substantial services as an Intuit employee, this Note shall accrue interest on the principal balance outstanding from time to time at the rate of six and seventy-seven one-hundredths percent (6.77%) per annum, compounded annually.

b. Payment of Interest. Subject to the terms of Paragraphs 6 and 7 below, Borrowers shall pay to the Note holder, on or prior to September 30, 2000 and on each September 30th thereafter through the term of this Note, all interest then accrued and unpaid.

c. Payment of Principal. Subject to the terms of Paragraphs 6 and 7 below, Borrowers shall pay to the Note holder, on the Maturity Date, the entire then-outstanding principal balance of the loan.

d. General. Subject to the foregoing, the entire then-outstanding principal balance, all interest then accrued and unpaid, plus any other sums then due hereunder, shall be due and payable to the Note holder on the Maturity Date set forth herein. In the event any sum due hereunder is not paid when due, interest shall be payable on the unpaid amount, commencing at the date payment was due and continuing until paid, at the rate of ten percent (10%) per annum. Payments shall be applied first to interest accrued and then to the principal balance. However, in no event shall the rate of interest payable under this Note exceed the maximum rate permitted by applicable law, and if any payment in the nature of interest shall cause the maximum rate to be exceeded, the portion of the payment in excess of the maximum rate shall be applied to reduce the principal balance. Interest payments for periods less than a year shall be prorated based on a 360-day year.

4. Right to Prepay. Provided Borrowers are not then in default hereunder, Borrowers shall have the right to prepay all or any part of the outstanding unpaid principal at any time without notice and without any prepayment charge.

5. Security. This Note is secured by a senior deed of trust dated February 17, 2000 (the "Deed of Trust") in favor of Intuit covering the Property, executed by Borrowers. The Deed of Trust was recorded in the Office of the County Recorder of San Mateo County, California on February 18, 2000 as Document No. ____________. Borrowers agree that all terms, covenants and conditions of the Deed of Trust are made a part of this Note.

6. Events Triggering Immediate Repayment. In the event (i) either of Borrowers' names is removed from record ownership of the Property for any reason, including, without limitation, as a result of divorce; or (ii) Borrowers transfer the Property or any part thereof, or any interest therein is sold, agreed to be sold, conveyed or alienated, by operation of law or otherwise, then, in each case, the entire principal balance of this Note and all accrued interest, and irrespective of the Maturity Date set forth herein, shall become immediately due and payable.

7. Additional Events Triggering Acceleration. In the event Stephen M. Bennett ceases for any reason, to be employed by Intuit Inc. or any of its subsidiary companies by virtue of an Involuntary Termination, a Voluntary Termination, a Termination for Cause, a Termination without Cause, or a Termination for Death or Disability, then the entire principal balance of this Note and all accrued interest shall become due and payable on the earlier to occur of (i) two (2) years from the date of the Involuntary Termination, the Termination without Cause, or the Termination for Death or Disability, or ninety (90) days from the date of Termination for Cause or the Voluntary Termination, as applicable, or (ii) the Maturity Date. All capitalized terms used in this Paragraph 7 and not otherwise defined in this Note shall have the meanings ascribed to them in that certain employment agreement entered into by and between Intuit and Stephen M. Bennett dated January 21, 2000 and amended as of January 17, 2001 and October 23, 2001.

8. Insurance. Borrowers agree to keep the Property insured against loss until this loan is repaid in full with, if requested by the Note holder, a loss payable clause in favor of the Note holder.

9. Default.

a. Events of Default. Borrowers shall be in default under this Note if any of the following happen:

i) Borrowers do not pay the full amount of each payment required under this Note within five (5) days of the date when due, or fail to comply with any terms or conditions set forth in this Note; or

ii) Borrowers fail to comply with any terms or conditions set forth in the Deed of Trust; or

iii) Borrowers (or either of them) voluntarily file bankruptcy or seek legal relief from any debts under any state or federal law or if someone brings an involuntary petition in bankruptcy against them (or either of them).

b. Rights of Note Holder Upon Default. If Borrowers are in default, then the entire balance of this Note, including all accrued interest, and irrespective of the Maturity Date set forth herein, at the option of the Note holder, shall become immediately due and payable and Note holder shall have all rights and remedies in this Note, the Deed of Trust, and at law and in equity. Borrowers promise to pay to the Note holder all costs, charges and expenses, including attorneys' fees, incurred in collection of the amounts due under this Note, whether by foreclosure of the Deed of Trust or by other legal proceedings or otherwise.

10. Borrowers' Waivers. Acceptance of any payment after default shall not constitute a waiver of any such default. Any extension of time of payment of any amounts due hereunder shall not affect the liability of Borrowers, who hereby jointly and severally waive demand, presentment for payment, notice of nonpayment, protest and notice of protest.

11. California Civil Code §2966. This Note is subject to Section 2966 of the California Civil Code, which provides that the holder of this Note shall give written notice to the Borrowers, or their successors in interest, of prescribed information at least 90 and not more than 150 days before any balloon payment is due.

12. Entire Agreement. This Note contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior written or oral agreements between the parties with respect to the subject matter hereof, and no addition to or modification of any term or provision shall be effective unless set forth in writing, signed by all the parties hereto. Time is of the essence for the performance of each and every covenant of Borrowers hereunder.

13. California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

By executing this Note, Borrowers each agree that he or she has received a fully completed copy of this Note.

BORROWERS:

/s/ Stephen M. Bennett	/s/ Marsha C. Jordan
STEPHEN M. BENNETT	MARSHA C. JORDAN

EXHIBIT 10.10

PO Box 7850, MS 2550
Mountain View, CA 94039-7850

Via Overnight Delivery

February 13, 2002

Michael L. Hrastinski

____

____

Re: *Separation Terms*

Dear Mike:

This letter confirms the terms of your separation from the employment of Intuit Inc. (your "*Employer*") and offers you a transition package in exchange for your waiver and release of claims in favor of your Employer its officers, directors, employees, agents, representatives, subsidiaries, divisions, affiliated companies, successors, and assigns (collectively, "*The Company*").

1. Termination Date. Your resignation from employment with the Company will be effective February 15, 2002 (the "*Termination Date*").

2. Acknowledgment of Payment of Wages. On the Termination Date, we will deliver to you a final paycheck that includes payment for all accrued wages, salary, accrued and unused vacation time, reimbursable expenses, and any similar payments due and owing to you from the Company as of the Termination Date. By accepting this final payment, you will acknowledge and agree that the Company does not owe you any other amounts.

3. Consideration For Release. In consideration of the waiver and release of claims set forth in Paragraphs 8 and 9 below, and by your signing this Separation Agreement ("*the Agreement*"), the Company agrees to provide you with the following. You understand that if you do not sign the Agreement or if you revoke the signed Agreement as described in Paragraph 18 below, the Company has no obligation to provide you with any of the following:

    a. Severance Package. The Company will provide you with a lump sum payment in the amount of One Hundred Seventy-five Thousand Dollars and No Cents ($175,000.00). All normal and appropriate withholding and deductions will be applied.

4. COBRA Continuation Coverage. Your Company provided health coverage will continue through the last day of the month in which your Termination Date occurs. If you are eligible for continued health coverage benefits and timely elect COBRA continuation, you may continue health coverage pursuant to the terms and conditions of COBRA at your own expense. Our COBRA administrator will contact you shortly. All other insured benefit coverage (e.g. life insurance, disability insurance, etc.) will end on the Termination Date.

5. Stock Options. You hold an option granted to you on August 13, 2001 to purchase 200,000 shares of Intuit Common Stock at $30.6600 per share. As of the Termination Date, none of these shares will be vested and all 200,000 option shares will then expire never having become exercisable. Please contact Sharon Savatski at Intuit for more information on your options. Her direct dial is 650-944-6504.

6. Return of Company Property. By signing below, you represent and warrant to the Company that you have returned to the Company any and all property or data of the Company of any type whatsoever that may have been in your possession or control. You may keep your laptop, and you agree to remove all Intuit confidential information from it immediately.

7. Confidential Information. You hereby acknowledge that as a result of your employment with the Company you have had access to the Company's Confidential Information, and that you will hold all such Confidential Information in strictest confidence and that you may not make any use of such Confidential Information on behalf of any third party. You further confirm that you have delivered to the Company all documents and data of any nature containing or pertaining to such Confidential Information and that you have not taken with you any such documents or data or any copies thereof.

8. Waiver of Claims. The payments and agreements set forth in this Agreement fully satisfy any and all accrued salary, vacation pay, bonus pay, profit-sharing, termination benefits or other compensation to which you may be entitled by virtue of your employment with the Company or your termination of employment. You acknowledge that you have no claims and have not filed any claims against the Company based on your employment with or the separation of your employment with the Company. You hereby release and forever discharge the Company, its successors, subsidiaries and affiliates, current and former officers, agents and employees, from any and all existing claims, demands, causes of action, damages and liabilities, known or unknown, that you ever had, now have or may claim to have had against the Company relating to any oral or written employment agreement (including, but not limited to, your July 3, 2001 As Amended employment offer letter) or relating in any way to your employment or non-employment with the Company including, without limitation, claims for wages, bonuses (including, but not limited to, Company's Incentive Plan for Leaders), expense reimbursement, and any claims that the terms of your employment with the Company, or the circumstances of your separation, were wrongful, in breach of any obligation of the Company or in violation of any of your rights, contractual, statutory or otherwise.

   Such rights include, but are not limited to, your rights under the following Federal and state statutes: the Employee Retirement Income Security Act (ERISA) (Pension and employee benefits); the Federal Railroad Safety Act (45 U.S.C. Section 421 *et. seq.*); the Occupational Safety and Health Act (safety matters); the Family and Medical Leave Act of 1993; and Federal Common Law; tort; wrongful discharge; workers' compensation retaliation; tortious interference with contractual relations, misrepresentation, fraud, loss of consortium; slander, liable, defamation, intentional or negligent infliction of emotional distress; claims for bonuses or fringe benefits; vacation pay; sick pay; insurance reimbursement, medical expenses, and the like.

   You expressly waive any benefits of Section 1542 of the Civil Code of the State of California, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

9. Waiver of Discrimination Claims. You understand that various federal, state and local laws prohibit age, sex, race, disability, benefits, pension, health and other forms of discrimination and that these laws can be enforced through the U.S. Equal Employment Opportunity Commission,

state and local human rights agencies and federal and state courts. You understand that if you believe your treatment by the Company was discriminatory, you have the right to consult with these agencies and to file a charge with them or file a lawsuit. You have decided voluntarily to enter into this Agreement, and waive the right to recover any amounts to which you may have been entitled under such laws, including but not limited to, any claims you may have based on age or under the Age Discrimination in Employment Act or Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964 (race, color, religion, national origin or sex); the 1991 Civil Rights Act; the Age Discrimination in Employment Act of 1967 (age); the Older Workers Benefit Protection Act ("OWBPA") (age); the Vocational Rehabilitation Act of 1973 (handicap); The Americans with Disabilities Act of 1990 (Handicap); 42 U.S.C. Section 1981, 1986 and 1988 (race); the Equal Pay Act of 1963 (prohibits pay differentials based on sex); the Immigration Reform and Control Act of 1986; Executive Order 11246 (race, color, religion, sex or national origin); Executive Order 11141 (age); Vietnam Era Veterans Readjustment Assistance Act of 1974 (Vietnam era veterans and disabled veterans); and California state statutes of similar effect.

10. Non-disparagement. You agree that you will not disparage the Company or its products, services, agents, representatives, directors, officers, shareholders, attorneys, employees, vendors, affiliates, successors or assigns, or any person acting by, through, under or in concert with any of them, with any written or oral statement.

11. Re-Employment. You understand and agree that your employment with the Company ends on the Termination Date, that you will not be re-employed by the Company, and will not seek employment with the Company at any time. Also, you agree to not reapply in the future for any position with Intuit as a consultant or contractor.

12. Legal and Equitable Remedies. You agree that the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights or remedies the Company may have at law or in equity for breach of this Agreement.

13. Arbitration of Disputes. You and the Company agree to submit to mandatory binding arbitration from any claim arising out of or relating to this Agreement. By signing below, you and the Company waive any rights you and the Company have to trial by jury in regard to any such claims. You agree that the American Arbitration Association will administer any such arbitration(s) under its National Rules for the Resolution of Employment Disputes, fees to be borne by the Company, subject to the provisions of Paragraph 14 (regarding attorney's fees). This Agreement does not extend or waive any statutes of limitations or other provisions of law that specify the time within which a claim must be brought.

14. Attorney's Fees. If any legal action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs and expenses from the other party, in addition to any other relief to which such prevailing party may be entitled.

15. Confidentiality. You agree to keep the contents, terms and conditions of this Agreement confidential and not disclose them except to your attorneys or as required by subpoena or court order. Any breach of this confidentiality provision will be deemed a material breach of this Agreement.

16. No Admission of Liability. This Agreement is not and will not be construed or contended by you to be an admission or evidence of any wrongdoing or liability on the part of the Company, its representatives, attorneys, agents, partners, officers, shareholders, directors, employees, subsidiaries, affiliates, divisions, successors or assigns. This Agreement will be afforded the

maximum protection allowable under California Evidence Code Section 1152 and/or any other state or Federal provisions of similar effect.

17. Review of Agreement. You may not sign this Agreement prior to your Termination Date. You may take up to twenty-one (21) days to consider this Agreement and release and, by signing below, affirm that you were advised to consult with an attorney before signing this Agreement and were given ample opportunity to do so. You understand that this Agreement will not become effective and the amounts to be given to you, identified in paragraph three (3) above, in exchange for your agreement, will not be paid until the next payroll cycle seven (7) days after Company receives the original properly signed agreement.

18. Revocation of Agreement. You acknowledge and understand that you may revoke this Agreement any time up to seven (7) days after you sign it. After the revocation period has passed, however, you may no longer revoke your Agreement.

19. Entire Agreement. This is the entire agreement between you and the Company with respect to the subject matter of this letter and supersedes all prior negotiations and agreements, whether written or oral (including, but not limited to, the July 3, 2001 As Amended employment offer letter), relating to this subject matter. You acknowledge that neither the Company nor its agents or attorneys, made any promise or representation, express or implied, written or oral, not contained in this Agreement to induce you to execute this Agreement. You acknowledge that you have signed this Agreement voluntarily and without coercion, relying only on such promises, representations and warranties as are contained in this document and understand that you do not waive any right or claim that may arise after the date this Agreement becomes effective.

20. Modification. By signing below, you acknowledge your understanding that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by your and the Company's authorized representatives.

21. Governing Law. This Agreement is governed by, and is to be interpreted according to, the laws of the State of California. If any term of this Agreement is deemed invalid or unenforceable, the remainder of the agreement will remain in full force and effect.

If this Agreement accurately sets forth the terms of your separation from the Company and if you voluntarily agree to accept the terms of the separation package offered please sign below no earlier than February 15, 2002 and return it to Sherry Whiteley.

PLEASE REVIEW CAREFULLY. THIS AGREEMENT CONTAINS A
RELEASE OF KNOWN AND UNKNOWN CLAIMS

Sincerely,

/s/ STEPHEN M. BENNETT

Stephen M. Bennett
President and Chief Executive Officer

REVIEWED, UNDERSTOOD AND AGREED:

/S/ MICHAEL L. HRASTINSKI

Date: February 15, 2002

Michael L. Hrastinski

Exhibit 10.11

**<u>AMENDED AND RESTATED SECURED FULL RECOURSE
BALLOON PAYMENT PROMISSORY NOTE</u>**

$1,066,400.44 February 19, 2002

This Amended and Restated Secured Full Recourse Balloon Payment Promissory Note (the "Note") documents the amendment of the Secured Full Recourse Balloon Payment Promissory Note dated as of March 30, 2001 to increase the original principal amount of the Note which was FOUR HUNDRED SIXTY TWO THOUSAND THREE HUNDRED NINETY ONE AND 13/100 DOLLARS ($462,391.13) by an additional SIX HUNDRED FOUR THOUSAND NINE AND 31/1000 DOLLARS ($604,009.31) to a new principal amount of ONE MILLION SIXTY SIX THOUSAND FOUR HUNDRED AND 44/100 DOLLARS ($1,066,400.44) as contemplated by Section 9 of the March 30, 2001 note and further to reduce the original maturity date of March 30, 2011 to February 18, 2005 and provide that effective February 19, 2002, interest shall accrue on the principal balance outstanding from time to time at the rate of two and seventy-two one-hundredths percent (2.72%) per annum, compounded semiannually.

1. <u>Borrower's Promise to Pay.</u> FOR VALUE RECEIVED, the undersigned STEPHEN M. BENNETT ("Borrower") hereby promises to pay to the order of INTUIT INC., a Delaware corporation ("Intuit"), at 2550 Garcia Avenue, Mountain View, California 94043, Attention: Corporate Comptroller, in lawful money of the United States of America, without offset or deduction, on or before February 19, 2005 (the "Maturity Date"), the principal amount of ONE MILLION SIXTY SIX THOUSAND FOUR HUNDRED AND 44/100 DOLLARS ($1,066,400.44), with interest as set forth herein. The address for receipt of payments hereunder may be changed at any time by the Note holder upon ten (10) days' written notice to Borrower. Borrower acknowledges that the benefits of this loan are not transferable.

2. <u>Payments of Interest and Principal.</u>

a. <u>Accrual of Interest.</u> This Note shall accrue interest from March 30, 2001 through November 25, 2001 on the principal balance outstanding from time to time at the rate of five and fifty one-hundredths percent (5.50%) per annum, compounded semiannually. This note shall accrue from November 26, 2001 through February 18, 2002 on the principal balance outstanding from time to time at the rate of five and twenty-four-hundredths percent (5.24%) per annum, compounded semiannually. Thereafter, from February 19, 2002 to the date this Note is paid in full, this Note shall accrue interest on the principal balance outstanding from time to time at the rate of two and seventy-two one-hundredths percent (2.72%) per annum, compounded semiannually.

b. <u>Payment of Interest.</u> Subject to the terms of Paragraphs 5 and 6 below, Borrower shall pay to the Note holder, on March 30, 2002 and on February 19, 2003 and on each anniversary of such latter date, all interest then accrued and unpaid.

c. <u>Payment of Principal.</u> Subject to the terms of Paragraphs 5 and 6 below, Borrower shall pay to the Note holder, on the Maturity Date, the entire then-outstanding principal balance of the loan.

d. General. Subject to the foregoing, the entire then-outstanding principal balance, all interest then accrued and unpaid, plus any other sums then due hereunder, shall be due and payable to the Note holder on the Maturity Date set forth herein. In the event any sum due hereunder is not paid when due, interest shall be payable on the unpaid amount, commencing at the date payment was due and continuing until paid. Payments shall be applied first to interest accrued and then to the principal balance. However, in no event shall the rate of interest payable under this Note exceed the maximum rate permitted by applicable law, and if any payment in the nature of interest shall cause the maximum rate to be exceeded, the portion of the payment in excess of the maximum rate shall be applied to reduce the principal balance. Interest payments for periods less than a year shall be prorated based on a 360-day year.

3. Right to Prepay. Provided Borrower is not then in default hereunder, Borrower shall have the right to prepay all or any part of the outstanding unpaid principal at any time without notice and without any prepayment charge.

4. Collateral. This Note is secured by a Stock Pledge Agreement dated as of February 19, 2002 executed by Borrower and attached hereto as Exhibit A (the "Pledge Agreement") in favor of Intuit covering 75,000 vested shares of common stock of Intuit evidenced by certificate numbers 12121, 12122, 11504 and 11514 (the "Collateral"). Borrower agrees that all terms, covenants and conditions of the Pledge Agreement are made a part of this Note.

5. Events Triggering Immediate Repayment. In the event any or all of the Collateral is sold, conveyed, assigned or otherwise transferred, by operation of law or otherwise, then, the entire principal balance of this Note and all accrued interest, and irrespective of the Maturity Date set forth herein, shall become immediately due and payable.

6. Additional Events Triggering Acceleration. In the event Borrower ceases for any reason to be employed by Intuit Inc. or any of its subsidiary companies by virtue of an Involuntary Termination, a Voluntary Termination, a Termination for Cause, a Termination without Cause, or a Termination for Death or Disability, then the entire principal balance of this Note and all accrued interest shall become due and payable on the earlier to occur of (i) two (2) years from the date of the Involuntary Termination, the Termination without Cause, or the Termination for Death or Disability, or ninety (90) days from the date of the Termination for Cause or the Voluntary Termination, as applicable, or (ii) the Maturity Date. All capitalized terms used in this Paragraph 6 and not otherwise defined in this Note shall have the meanings ascribed to them in that certain employment agreement entered into by and between Intuit and Borrower dated January 21, 2000 and amended as of January 17, 2001 and October 23, 2001.

7. Default.

a. Events of Default. Borrower shall be in default under this Note if any of the following happen:

(i) Borrower does not pay the full amount of each payment required under this Note within five (5) days of the date when due, or fails to comply with any terms or conditions set forth in this Note; or

(ii) Borrower fails to comply with any terms or conditions set forth in the Pledge Agreement; or

(iii) Borrower voluntarily files bankruptcy or seeks legal relief from any debts under any state or federal law or if someone brings an involuntary petition in bankruptcy against him.

b. Rights of Note Holder Upon Default. If Borrower is in default, then the entire balance of this Note, including all accrued interest, and irrespective of the Maturity Date set forth herein, at the option of the Note holder, shall become immediately due and payable and the Note holder shall have all rights and remedies in this Note, the Pledge Agreement, and at law and in equity. Borrower promises to pay to the Note holder all costs, charges and expenses, including attorneys' fees, incurred in collection of the amounts due under this Note.

c. Full Recourse Against Borrower. Recourse may be had against any and all assets of Borrower.

8. Borrower's Waivers. Acceptance of any payment after default shall not constitute a waiver of any such default. Any extension of time of payment of any amounts due hereunder shall not affect the liability of Borrower, who hereby waives demand, presentment for payment, notice of nonpayment, protest and notice of protest.

9. Entire Agreement; Amendments. This Note contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior written or oral agreements between the parties with respect to the subject matter hereof, and no addition to or modification of any term or provision shall be effective unless set forth in writing, signed by both of the parties hereto. Without limiting the generality of the foregoing, Borrower expressly agrees that the loan amount may be increased from time to time by written amendment to this Note executed by both Borrower and Intuit in the event additional sums are loaned, which the parties anticipate may occur in conjunction with the vesting in Borrower of additional shares of Intuit stock purchased by Borrower pursuant to certain Restricted Stock Purchase Agreements between Borrower and Intuit dated as of January 24, 2000 and amended as of January 17, 2001.

10. Time of Essence. Time is of the essence for the performance of each and every covenant of Borrower hereunder.

11. California Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

By executing this Note, Borrower agrees that he has received a fully completed copy of this Note.

BORROWER:

/s/ Stephen M. Bennett

Stephen M. Bennett

EXHIBIT A

STOCK PLEDGE AGREEMENT

STOCK PLEDGE AGREEMENT

This Stock Pledge Agreement (the "Pledge Agreement") is made and entered into as of February 19, 2002 between Intuit Inc., a Delaware corporation ("Intuit"), and Stephen M. Bennett (the "Pledgor"). Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Amended and Restated Secured Full Recourse Balloon Payment Promissory Note of even date herewith delivered by Pledgor to Intuit (the "Note").

R E C I T A L S

A. In exchange for delivery of the Note to Intuit and the promises set forth therein, Intuit has lent Pledgor the principal amount of one million sixty six thousand four hundred and 44/100 dollars ($1,066,400.44).

B. Pledgor has agreed that repayment of the Note will be secured by the pledge of 75,000 shares of Intuit Common Stock (the "Shares") pursuant to this Pledge Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Creation of Security Interest. Pursuant to the provisions of the California Commercial Code, Pledgor hereby grants to Intuit, and Intuit hereby accepts, a first and present security interest in (i) the Shares, (ii) all Dividends (as defined in Section 5 hereof), and (iii) all Additional Securities (as defined in Section 6 hereof, to secure payment of the Note and performance of all Pledgor's obligations under this Pledge Agreement. Pledgor herewith delivers to Intuit Common Stock certificates Nos. 12121, 12122, 11504 and 11514 representing all the Shares, together with one stock power for each certificate so delivered in the form attached as Exhibit B to the Note, duly executed (with the date and number of shares left blank) by Pledgor. For purposes of this Pledge Agreement, the Shares, all Dividends and all Additional Securities will hereinafter be collectively referred to as the "Collateral." Pledgor agrees that the Collateral will be deposited with and held by the Secretary of Intuit or its designee (the "Escrow Holder") and that, for purposes of carrying out the provisions of this Pledge Agreement, Escrow Holder will act solely for Intuit as its agent.

2. Representations and Warranties and Covenants Regarding Collateral. Pledgor hereby represents and warrants to Intuit that Pledgor has good title (both record and beneficial) to the Collateral, free and clear of all claims, pledges, security interests, liens or encumbrances of every nature whatsoever, and that Pledgor has the right to pledge and grant Intuit the security interest in the Collateral granted under this Pledge Agreement. Pledgor further agrees that, until all sums due under the Note have been paid in full, and all of Pledgor's obligations under this Pledge Agreement have been performed, Pledgor will not, without Intuit's prior written consent, (i) sell, assign or transfer, or attempt to sell, assign or transfer, any of the Collateral, or (ii) grant or create, or attempt to grant or create, any security interest, lien, pledge, claim or other encumbrance with respect to any of the Collateral or (iii) suffer or permit to continue upon any of the Collateral during the term of this Pledge Agreement, an attachment, levy, execution or statutory lien.

3. Rights on Default. Upon an occurrence of an Event of Default set forth in Section 7 of the Note, Intuit will have full power to sell, assign and deliver or otherwise dispose the whole or any part of the Collateral at any broker's exchange or elsewhere, at public or private sale, at the option of Intuit, in order to satisfy any part of the obligations of Pledgor now existing or hereinafter arising under the Note or under this Pledge Agreement. On any such sale, Intuit or its assigns may purchase all or any part of the Collateral. In addition, at its sole option, Intuit may elect to retain all the Collateral in full satisfaction of Pledgor's obligation under the Note, in accordance with the provisions and procedures set forth in the California Uniform Commercial Code. Pledgor agrees at Intuit's request, to cooperate with Intuit in connection with the disposition of any and all of the Collateral and to execute and deliver any documents which Intuit shall reasonably request to permit disposition of the Collateral.

4. Additional Remedies. The rights and remedies granted to Intuit herein upon an Event of Default will be in addition to all the rights, powers and remedies of Intuit under the California Uniform Commercial Code and applicable law and such rights, powers and remedies will be exercisable by Intuit with respect to all of the Collateral. Pledgor agrees that Intuit's reasonable expenses of holding the Collateral, preparing it for resale or other disposition, and selling or otherwise disposing of the Collateral, including attorneys' fees and other legal expenses, will be deducted from the proceeds of any sale or other disposition and will be included in the amounts Pledgor must tender to redeem the Collateral. All rights, powers and remedies of Intuit will be cumulative and not alternative. Any forbearance or failure or delay by Intuit in exercising any right, power or remedy hereunder will not be deemed to be a waiver of any such right, power or remedy and any single or partial exercise of any such right, power or remedy hereunder will not preclude the further exercise thereof.

5. Dividends; Voting. All dividends hereinafter declared on or payable with respect to any Collateral during the term of this Pledge Agreement (excluding only ordinary cash dividends, which will be payable to Pledgor so long as no Event of Default has occurred under the Note) (the "Dividends") will be immediately delivered to Intuit to be held in pledge under this Pledge Agreement. Notwithstanding this Pledge Agreement, so long as Pledgor owns the Shares and no Event of Default has occurred under the Note, Pledgor will be entitled to vote any shares comprising the Collateral, subject to any proxies granted by Pledgor.

6. Adjustments. In the event that during the term of this Pledge Agreement, any stock dividend, reclassification, readjustment, stock split or other change is declared or made with respect to the Collateral, or if warrants or any other rights, options or securities are issued in respect of the Collateral, (the "Additional Securities") then all new, substituted and/or additional shares or other securities issued by reason of such change or by reason of the exercise of such warrants, rights, options or securities, will be (if delivered to Pledgor, immediately surrendered to Intuit and) pledged to Intuit to be held under the terms of this Pledge Agreement as and in the same manner as the Collateral is held hereunder.

7. Redelivery of Collateral; No Release For Partial Payment.

a. Until all obligations of Pledgor under the Note and under this Pledge Agreement have been satisfied in full, all Collateral will continue to be held in pledge under this Pledge Agreement.

b. Upon performance of all Pledgor's obligations under the Note and this Pledge Agreement, Intuit will immediately redeliver the Collateral to Pledgor and this Pledge Agreement will terminate.

8. Further Assurances. Pledgor shall, at Intuit's request, execute and deliver such further documents and take such further actions as Intuit shall reasonably request to perfect and maintain Intuit's security interest in the Collateral, or in any part thereof.

9. Successors and Assigns. This Pledge Agreement will inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

10. Governing Law; Severability. This Pledge Agreement will be governed by and construed in accordance with the internal laws of the State of California, excluding that body of law relating to conflicts of law. Should one or more of the provisions of this Pledge Agreement be determined by a court of law to be illegal or unenforceable, the other provisions nevertheless will remain effective and will be enforceable.

11. Modification; Entire Agreement. This Pledge Agreement will not be amended without the written consent of both parties hereto. This Pledge Agreement, together with the Note constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Pledge Agreement as of the date and year first above written.

INTUIT INC	**PLEDGOR**
By: /s/ Greg J. Santora	/s/ Stephen M. Bennett
Greg J. Santora Chief Financial Officer	Stephen M. Bennett

EXHIBIT B

**STOCK POWER AND ASSIGNMENT
SEPARATE FROM CERTIFICATE**

STOCK POWER AND ASSIGNMENT
SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED and pursuant to that certain Amended and Restated Secured Full Recourse Balloon Payment Promissory Note dated as of February 19, 2002 (the "Note"), the undersigned hereby sells, assigns and transfers unto ______________________________ , _______________ shares of the Common Stock of Intuit Inc., a Delaware corporation ("Intuit"), standing in the undersigned's name on the books of Intuit represented by Certificate No(s). _____________________________ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of Intuit as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of Intuit. THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE NOTE AND THE STOCK PLEDGE AGREEMENT ASSOCIATED THERETO.

Dated:_____________________________________

PLEDGOR

/s/ Stephen M. Bennett

Stephen M. Bennett

Instructions to Pledgor: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable Intuit and/or its assignee(s) to acquire the shares upon a default under Pledgor's Secured Full Recourse Balloon Payment Promissory Note without requiring additional signatures on the part of the Pledgor.

STOCK POWER AND ASSIGNMENT
SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED and pursuant to that certain Amended and Restated Secured Full Recourse Balloon Payment Promissory Note dated as of February 19, 2002 (the "Note"), the undersigned hereby sells, assigns and transfers unto ______________________________ , _______________ shares of the Common Stock of Intuit Inc., a Delaware corporation ("Intuit"), standing in the undersigned's name on the books of Intuit represented by Certificate No(s). _____________________________ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of Intuit as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of Intuit. THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE NOTE AND THE STOCK PLEDGE AGREEMENT ASSOCIATED THERETO.

Dated:_____________________________________

PLEDGOR

/s/ Stephen M. Bennett

Stephen M. Bennett

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Dated:_____________________________________

PLEDGOR

/s/ Stephen M. Bennett

Stephen M. Bennett

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SEPARATE FROM CERTIFICATE

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Dated: _____________________________________

PLEDGOR

/s/ Stephen M. Bennett

Stephen M. Bennett

Instructions to Pledgor: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable Intuit and/or its assignee(s) to acquire the shares upon a default under Pledgor's Secured Full Recourse Balloon Payment Promissory Note without requiring additional signatures on the part of the Pledgor.