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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 April 30, 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 211,612,552 shares of Common Stock, $0.01 par value, as of April 30, 2002

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INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands; unaudited)	July 31, 2001	April 30, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 450,104	$ 454,791
Short-term investments	1,119,305	1,297,133
Marketable securities	85,307	48,469
Customer deposits	230,410	283,748
Accounts receivable, net	27,990	69,216
Mortgage loans	123,241	279,506
Deferred income taxes	77,948	87,816
Prepaid expenses and other current assets	33,617	35,091
Total current assets	2,147,922	2,555,770
Property and equipment, net	185,969	181,442
Goodwill and intangibles, net	415,334	310,949
Long-term deferred income taxes	145,905	146,020
Investments	24,107	13,149
Other assets(1)	42,499	16,168
Total assets	$2,961,736	$3,223,498
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 66,400	$ 77,310
Payroll service obligations	205,067	256,369
Escrow liabilities	23,373	27,335
Drafts payable	63,518	67,005
Deferred revenue	137,305	97,509
Income taxes payable	82,661	104,293
Short-term note payable	38,672	17,451
Other current liabilities	170,966	255,001
Total current liabilities	787,962	902,273
Long-term obligations	12,413	11,209
Minority interest	35	—
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid in capital	1,725,490	1,753,768
Treasury stock, at cost	(8,497)	(46,488)
Deferred compensation	(21,720)	(16,055)
Accumulated other comprehensive income, net	28,180	8,996
Retained earnings	437,873	609,795
Total stockholders' equity	2,161,326	2,310,016
Total liabilities and stockholders' equity	$2,961,736	$3,223,498

(1) Includes $9.5 million and $8.0 million of loans due from affiliates as of July 31, 2001 and April 30, 2002, respectively.

See accompanying notes.

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INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2001	2002	2001	2002
(In thousands, except per share data; unaudited)				
Net revenue:				
Products	$244,709	$332,497	$ 736,784	$ 869,907
Services	161,846	198,355	273,839	381,772
Other	18,655	14,374	59,669	49,558
Total net revenue	425,210	545,226	1,070,292	1,301,237
Costs and expenses:				
Cost of revenue:				
Cost of products	29,345	35,070	118,755	141,314
Cost of services	39,533	38,628	108,231	112,901
Cost of other revenue	8,635	6,815	21,240	19,714
Amortization of purchased software	4,375	1,565	11,220	10,442
Customer service and technical support	37,538	45,807	116,068	137,899
Selling and marketing	68,479	89,830	215,146	256,656
Research and development	52,697	52,908	155,174	156,111
General and administrative	23,917	29,339	77,614	90,055
Charge for purchased research and development	238	—	238	—
Charge for vacant facilities	—	13,237	—	13,237
Acquisition-related charges	122,575	37,562	205,328	140,748
Loss on impairment of long-lived asset	—	—	—	27,000
Total costs and expenses	387,332	350,761	1,029,014	1,106,077
Income from operations	37,878	194,465	41,278	195,160
Interest and other income and expense, net	15,070	8,308	47,736	28,631
Gains (losses) on marketable securities and other investments, net	(11,504)	1,356	(87,307)	(9,266)
Gain on divestiture	—	8,308	1,639	8,308
Income before income taxes, minority interest and cumulative effect of accounting change	41,444	212,437	3,346	222,833
Income tax provision	55,294	67,938	38,566	50,893
Minority interest	451	18	598	18
Income (loss) before cumulative effect of accounting change	(14,301)	144,481	(35,818)	171,922
Cumulative effect of accounting change, net of income taxes of $9,543	—	—	14,314	—
Net income (loss)	$ (14,301)	$144,481	$ (21,504)	$ 171,922
Basic net income (loss) per share before cumulative effect of accounting change	$ (0.07)	$ 0.68	$ (0.17)	$ 0.81
Cumulative effect of accounting change	—	—	0.07	—
Basic net income (loss) per share	$ (0.07)	$ 0.68	$ (0.10)	$ 0.81
Shares used in per share amounts	208,715	211,614	207,345	211,724
Diluted net income (loss) per share before cumulative effect of accounting change	$ (0.07)	$ 0.67	$ (0.17)	$ 0.79
Cumulative effect of accounting change	—	—	0.07	—
Diluted net income (loss) per share	$ (0.07)	$ 0.67	$ (0.10)	$ 0.79
Shares used in per share amounts	208,715	217,173	207,345	217,667

See accompanying notes.

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INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended April 30,	
	2001	2002
(In thousands; unaudited)		
Cash flows from operating activities:		
Net income (loss)	$ (21,504)	$ 171,922
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of goodwill, purchased intangibles and deferred compensation	213,144	153,318
Depreciation	45,208	50,580
Net loss from marketable securities and other investments	87,307	9,266
Charge for purchased research and development	238	—
Charge for vacant facilities	—	13,237
Loss on impairment of long-lived asset	—	27,000
Loss on disposal of property and equipment	—	1,915
Cumulative effect of accounting change	(23,857)	—
Minority interest	598	18
Deferred income tax expense	1,755	43
Gain on divestiture	(1,639)	(8,308)
Tax benefit from employee stock options	48,038	30,639
Changes in operating assets and liabilities:		
Customer deposits	(40,266)	(53,338)
Accounts receivable	(35,445)	(40,928)
Mortgage loans	(85,634)	(156,265)
Prepaid expenses and other current assets	(10,071)	4,598
Accounts payable	(14,711)	10,581
Payroll service obligations	20,702	51,302
Escrow liabilities	18,879	3,962
Drafts payable	52,965	3,487
Deferred revenue	(25,204)	(41,024)
Income taxes payable	(44,369)	21,632
Other accrued liabilities	40,932	83,154
Net cash provided by operating activities	227,066	336,791
Cash flows from investing activities:		
Change in other assets	7,738	(575)
Purchases of property and equipment	(58,011)	(48,219)
Proceeds from the sale of marketable securities	25,238	7,122
Purchases of short-term investments	(2,581,316)	(2,085,073)
Liquidation and maturity of short-term investments	2,501,607	1,905,812
Acquisitions of businesses, net of cash acquired	(164,059)	(7,532)
Purchases of long-term investments	(3,694)	—
Net cash used in investing activities	(272,497)	(228,465)
Cash flows from financing activities:		
Principal payments on long-term debt and notes payable	(2,610)	(27,484)
Net proceeds under warehouse line of credit	1,125	—
Net proceeds from issuance of common stock	65,086	72,586
Purchase of treasury stock	—	(149,265)
Net cash provided by (used in) financing activities	63,601	(104,163)
Effect of foreign currency translation	2,481	524
Net increase in cash and cash equivalents	20,651	4,687
Cash and cash equivalents at beginning of period	416,953	450,104
Cash and cash equivalents at end of period	$ 437,604	$ 454,791

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 nine months ended April 30, 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 remaining 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.

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 in loan revenue as it is earned, and we recognize interest expenses on related borrowings as cost of revenue as we incur them.

Interest income generated from our general cash and cash equivalents balance is included in other income because this interest income does not result from our operating activities.

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 by telephone and through Web sites and other electronic means and providing free technical support assistance to customers. 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, based on available information and 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 Statement of Financial Accounting Standards No. 142 (SFAS 142), "*Goodwill and Other Intangible Assets*." In October 2001, the FASB issued SFAS 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets."* We intend to implement both SFAS 142 and SFAS 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 distributors and retailers. As a result, we face risks related to the collectibility of our trade accounts receivable. Due to changes in our distribution relationships during fiscal 2002, we are selling an increasing proportion of products directly to retailers, rather than through distributors. At April 30, 2002, our two largest distributors collectively accounted for about 9% of our accounts receivable balance. By comparison, at April 30, 2001, we had one distributor that accounted for approximately 25% of our accounts receivable balance. At April 30, 2002, two of our major retail customers collectively accounted for approximately 20% of our accounts receivable balance whereas our top two retailers at April 30, 2001 accounted for slightly less than 10% 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 necessarily 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 April 30, 2002, we had $200.9 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 SFAS 141, "*Business Combinations,*" and 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 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 adopted this new release prospectively to transactions beginning in the quarter ended April 30, 2002. The adoption of EITF Issue No. 01-09 did not 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 reporting period. 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	April 30, 2002
Cash and cash equivalents:		
Cash	$ 33,427	$ 34,227
Certificate of deposits	5,600	5,446
Money market funds	406,077	415,118
Municipal bonds	5,000	—
	$ 450,104	$ 454,791
Short-term investments:		
Corporate notes	$ 63,723	$ 61,563
Municipal bonds	1,030,442	1,215,312
U.S. government securities	25,140	20,258
	$1,119,305	$1,297,133

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	April 30, 2002
Due within one year	$ 215,205	$ 249,669
Due within two years	221,620	216,691
Due within three years	—	4,000
Due after three years	682,480	826,773
	$1,119,305	$1,297,133

3. Marketable Securities and Other Investments

We held the following available-for-sale securities at July 31, 2001 and April 30, 2002. The cost basis reflects adjustments for other-than-temporary impairments in value as well as sales of securities:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(In thousands)				
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
April 30, 2002				
Checkfree Corporation common stock	$31,934	$12,146	$ —	$44,080
S1 Corporation common stock	4,924	—	(535)	4,389
	$36,858	$12,146	$(535)	$48,469

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 (consisting primarily of equity investments in privately held companies) have also declined substantially since our initial investments due to the volatility and economic downturn in the high technology industry.

During the nine months ended April 30, 2002, we sold 280,000 shares of Security First Technologies, now known as S1 Corporation (“S1”), and 250,000 shares of Checkfree Corporation and recognized realized gains of $1.9 million and $1.4 million, respectively. These gains were 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 nine months ended April 30, 2002. For our long-term investments, we recorded losses of $3.3 million for other-than-temporary declines in value on our investments recorded at cost and $5.7 million to reflect declines in the market price of our S1 options. This resulted in combined net losses on marketable securities and other investments of $9.3 million for the nine months ended April 30, 2002.

During fiscal 2001, we adopted SFAS 133, “*Accounting for Derivative Instruments and Hedging Activities*,” which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires us to recognize all derivatives as either assets or liabilities on the balance sheet and record those instruments at fair value. In May 1999, we completed a $50 million investment (970,813 shares) in 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, in the first quarter of fiscal 2001. SFAS 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 income (loss) until we sold them. For the three and nine months ended April 30, 2001 these fluctuations resulted in losses of $3.4 million and $13.4 million net of income taxes, which increased the basic and diluted net loss per share for the periods by $0.02 and $0.06 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:

	Life in Years	Net balance at July 31, 2001	Net balance at April 30, 2002
(In thousands)			
Goodwill	3-5	$326,986	$240,221
Customer lists	3-5	53,423	39,508
Covenants not to compete	3-5	3,060	3,174
Purchased technology	1-5	24,078	21,468
Assembled workforce	2-5	3,598	2,233
Trade names and logos	1-15	4,189	4,345
		$415,334	$310,949

Balances presented above are net of total accumulated amortization of $598.1 million at July 31, 2001 and $524.8 million at April 30, 2002. Accumulated amortization declined during the nine-month period due to the retirement of fully amortized goodwill and intangible assets.

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 second quarter of fiscal 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 (part of our Personal Finance business) and the Site Solutions business that we acquired from Boston Light Corp. in August 1999 (part of our Small Business operations).

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, as well as 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 to provide the website building service. This collaboration, which began in the second quarter of fiscal 2002, eliminated our use of technology purchased from Boston Light.

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, in the second quarter of fiscal 2002 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.

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

	Three Months Ended		Nine Months Ended	
	April 30, 2001	April 30, 2002	April 30, 2001	April 30, 2002
(In thousands)				
Amortization of goodwill	$ 37,880	$29,170	$106,504	$ 93,460
Amortization of purchased intangibles	6,458	7,140	18,184	20,946
Amortization of acquisition-related deferred compensation	1,233	1,252	3,563	4,336
Impairment charges	77,000	—	77,000	22,006
Other	4	—	77	—
	$122,575	$37,562	$205,328	$140,748

5. Loan Commitments

The following table summarizes mortgage loan commitments to extend credit at July 31, 2001 and April 30, 2002:

	July 31, 2001		April 30, 2002	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
(In thousands)				
Conventional prime loans	$303,100	$72,500	$473,500	$143,600
Sub-prime loans	4,300	1,200	4,400	2,600
	$307,400	$73,700	$477,900	$146,200

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 (loss), net of income taxes, are as follows:

Nine months ended April 30, 2001	Marketable Securities	Short-term Investments	Foreign Currency Translation	Total
(In thousands)				
Beginning balance gain (loss), net of income taxes	$ 58,561	$ —	$ (2,975)	$ 55,586
Unrealized loss, net of income tax benefit of $12,932	(19,398)	—	—	(19,398)
Reclassification adjustment for realized gain included in net loss, net of income tax benefit of $4,685	(7,027)	—	—	(7,027)
Translation adjustment gain	—	—	2,401	2,401
Ending balance, net of income tax benefit of $17,617	$ 32,136	$ —	$ (574)	$ 31,562
Nine months ended April 30, 2002				
(In thousands)				
Beginning balance gain (loss), net of income taxes	$ 23,958	$ 4,686	$ (464)	$ 28,180
Unrealized loss, net of income tax benefit of $10,759 and $1,823	(16,139)	(2,734)	—	(18,873)
Reclassification adjustment for realized gain included in net income, net of income tax benefit of $568	(853)	—	—	(853)
Translation adjustment gain	—	—	542	542
Ending balance, net of income tax benefit of $13,150	$ 6,966	$ 1,952	$ 78	$ 8,996

The following table summarizes comprehensive income (loss) for the periods indicated:

	Three Months Ended April 30, 2001	Nine Months Ended April 30, 2001	Three Months Ended April 30, 2002	Nine Months Ended April 30, 2002
(in thousands)				
Net income (loss)	$(14,301)	$(21,504)	$144,481	$171,922
Other comprehensive income (loss):				
Change in unrealized gain (loss) on marketable securities	(27,129)	(26,425)	5,656	(16,992)
Change in unrealized gain (loss) on short-term investments	—	—	(1,362)	(2,734)
Change in foreign currency translation adjustments	1,295	2,401	(775)	542
	$(40,135)	$(45,528)	$148,000	$152,738

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 acquired 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. Charge for Vacant Facilities

During the quarter ended April 30, 2002, we concluded that we would not occupy two vacant leased buildings in Mountain View, California and that we would be unable to recover a substantial portion of our lease obligations from sublessors. The resulting $13.2 million charge for vacant facilities has been calculated using management's best estimates and is based upon the remaining future lease commitments for these facilities at April 30, 2002, net of estimated future sublease income. The estimated costs of abandoning these leased facilities were based on market information and trend analyses compiled by our facilities management team with the help of a commercial real estate brokerage firm retained by Intuit. Actual future cash payments may differ by a maximum of $3.7 million from the reserve balance at April 30, 2002 if we are unable to sublease either of the properties.

11. Gain on Divestiture

In March 2002, we paid $12.0 million to terminate a $20.3 million obligation for an interactive services agreement related to our Quicken Bill Manager business, which we sold in May 2001. We wrote off the $27 million asset acquired in connection with that sale in the first quarter of fiscal 2002 (see Note 9). In connection with the termination of the interactive services agreement, we recorded a pre-tax gain of $8.3 million and related tax expense of $2.7 million in the quarter ended April 30, 2002.

12. Borrowings

As of April 30, 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 we advance for mortgages we originate.

13. 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 manage our operations and how our chief operating decision maker views results.

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Intuit does not track assets by operating segments. Consequently, we do not disclose assets by operating segments. The following unaudited results for the nine months ended April 30, 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.

Nine months ended April 30, 2001 *(In thousands)*	**Small Business Division**	**Tax Division**	**Personal Finance Division**	**Quicken Loans Division**	**Global Business Division**	**Other (1)**	**Consolidated**
Product revenue	$268,389	$333,927	$ 74,894	$ —	$59,574	$ —	$ 736,784
Service revenue	65,986	106,395	10,134	72,206	19,118	—	273,839
Other revenue	16,719	3,066	38,031	—	1,853	—	59,669
Total net revenue	351,094	443,388	123,059	72,206	80,545	—	1,070,292
Segment operating income	114,908	260,915	23,613	13,728	11,388	—	424,552
Common expenses	—	—	—	—	—	(166,488)	(166,488)
Sub-total operating income (loss)	114,908	260,915	23,613	13,728	11,388	(166,488)	258,064
Realized net losses on marketable securities	—	—	—	—	—	(87,307)	(87,307)
Acquisition-related costs	—	—	—	—	—	(216,786)	(216,786)
Interest and other income and expense, net	—	—	—	—	—	47,736	47,736
Gain on divestiture	—	—	—	—	—	1,639	1,639
Net income (loss) before taxes, minority interest and cumulative accounting change	$114,908	$260,915	$ 23,613	$13,728	$11,388	$(421,206)	$ 3,346

Nine months ended April 30, 2002 *(In thousands)*	**Small Business Division**	**Tax Division**	**Personal Finance Division**	**Quicken Loans Division**	**Global Business Division**	**Other (1)**	**Consolidated**
Product revenue	$314,123	$421,900	$ 65,558	$ —	$64,627	$ 3,699	$ 869,907
Service revenue	89,927	128,886	6,322	140,048	15,458	1,131	381,772
Other revenue	3,875	2,734	39,070	—	3,879	—	49,558
Total net revenue	407,925	553,520	110,950	140,048	83,964	4,830	1,301,237
Segment operating income (loss)	130,486	345,789	30,787	52,242	16,979	(3,148)	573,135
Common expenses	—	—	—	—	—	(186,548)	(186,548)
Sub-total operating income (loss)	130,486	345,789	30,787	52,242	16,979	(189,696)	386,587
Realized net losses on marketable securities	—	—	—	—	—	(9,266)	(9,266)
Gain on divestiture	—	—	—	—	—	8,308	8,308
Acquisition-related costs	—	—	—	—	—	(151,190)	(151,190)
Charge for vacant facilities	—	—	—	—	—	(13,237)	(13,237)
Loss on impairment of long-lived asset	—	—	—	—	—	(27,000)	(27,000)
Interest and other income and expense, net	—	—	—	—	—	28,631	28,631
Net income (loss) before taxes, minority interest and cumulative accounting change	$130,486	$345,789	$ 30,787	$ 52,242	$16,979	$(353,450)	$ 222,833

(1) Other includes revenue and segment operating income (loss) related to our Construction Business Solutions operations as well as 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.

14. Notes Payable and Commitments

In March 2001, our Japanese subsidiary, Intuit KK, refinanced its one-year loan agreement with a Japanese bank for approximately $29.2 million. During the third quarter of fiscal 2002, we elected to pay half the outstanding balance and obtained a three-month extension on the remaining balance of approximately $14.6 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 April 30, 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 July 2002.

15. Other Current Liabilities

Other current liabilities consisted of the following at the dates indicated:

(In thousands)	July 31, 2001	April 30, 2002
Accrued compensation and related liabilities	$ 64,325	$ 94,053
Reserve for returns and exchanges	31,510	56,073
Future payments due for CRI acquisition	23,969	25,157
Other acquisition and disposition related items	18,001	15,669
Rebates	10,130	30,029
Other accruals	23,031	34,020
	$170,966	$255,001

16. 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 first nine 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 second quarter of fiscal 2002.

17. 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 nine months ended April 30, 2002, we had repurchased approximately 3,744,800 shares of our common stock under this program (which became treasury shares) for an aggregate cost of approximately $149.3 million. During this period we reissued 2,708,719 shares of treasury stock in connection with employee stock plans, which were valued at $111.2 million (using the average purchase price per Intuit share).

Repurchases through April 30, 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.

18. Benefit Plan

Intuit adopted the Executive Deferred Compensation Plan effective March 15, 2002. The plan allows key employees who meet minimum compensation and job responsibility criteria to defer up to 50% of their salaries and up to 100% of their bonuses and commissions. We have agreed to credit the participants' contributions with earnings that reflect the performance of certain independent investment funds. We may also make discretionary employer contributions to participant accounts. The timing, amounts and vesting schedules of employer contributions are at our sole discretion. The benefits under this plan are unsecured and are general assets of Intuit. Participants are generally eligible to receive payment of their vested benefit at the end of their elected deferral period or upon termination of

their employment with Intuit for any reason, including retirement, disability or death. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death or a change of control of Intuit. During the three months ended April 30, 2002, we made no employer contributions to the plan.

19. 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.

20. Subsequent Events

On May 7, 2002, we entered into a definitive agreement with CBS Employer Services, Inc. ("CBS") pursuant to which Intuit will acquire all of the outstanding stock of CBS. CBS is a leading provider of full-service outsourced payroll functions for small businesses. Intuit plans to combine its outsourced payroll business with that of CBS under the leadership of CBS's chief executive officer. Intuit's payroll processing center in Reno, Nevada and CBS's payroll processing center in San Bernardino, California will be the largest centers for the combined businesses. Under the terms of the agreement, Intuit will acquire all of the outstanding stock of CBS for approximately $74.5 million in cash and $3.5 million in Intuit stock. The transaction has been approved by the boards of both Intuit and CBS and is expected to close in the fourth quarter of fiscal 2002, subject to various conditions, including approval of CBS's shareholders and customary regulatory and other approvals.

On May 8, 2002, we entered into a definitive agreement with The Flagship Group, the parent company of American Fundware, Inc. ("American Fundware") pursuant to which Intuit will acquire all of the outstanding stock of The Flagship Group. American Fundware offers financial accounting solutions for nonprofit organizations. American Fundware will be operated as a separate business unit of Intuit led by American Fundware's chief executive officer and headquartered in Denver, Colorado. Under the terms of the agreement, Intuit will acquire all of the outstanding stock of The Flagship Group for approximately $22 million in Intuit stock and $4 million in cash. The transaction has been approved by the boards of both Intuit and The Flagship Group and is expected to close in the fourth quarter of fiscal 2002, subject to various conditions, including approval of The Flagship Group's shareholders and customary other approvals.

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 various businesses and in the markets in which we compete, our projected costs and expenses, the effect of changes in our business model and operational processes 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 than our second and third quarters, 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, occasional 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 future reported revenue. Conversely, if actual returns and rebates are significantly less than our reserves, this would increase our future reported revenue.

- Goodwill, Purchased Intangibles and Other Long-Lived Assets — Impairment Assessments. Under current accounting standards, which will change 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 of the financial statements 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 jurisdiction 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 April 30, 2002 was $233.9 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-U.S. 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 nine-month periods ended April 30, 2001 and 2002. Information for fiscal 2001 has been reclassified to conform to fiscal 2002 financial presentation for comparability. See Note 13 of the financial statements for additional information about our business segments, which correspond to the business divisions described below.

Total Net Revenue	**Q3 FY01**	**% Total Net Revenue**	**Q3 FY02**	**% Total Net Revenue**	**Q3 % Change**	**YTD FY01**	**% Total Net Revenue**	**YTD FY02**	**% Total Net Revenue**	**YTD % Change**
(Dollars in millions)										
Small Business										
Product	$ 71.8		$ 99.9			$ 268.4		$ 314.1		
Service	23.5		29.2			66.0		89.9		
Other	7.0		0.7			16.7		3.9		
Subtotal	102.3	24%	129.8	24%	27%	351.1	33%	407.9	31%	16%
Tax										
Product	139.9		198.2			333.9		422.0		
Service	93.4		117.8			106.4		128.9		
Other	0.4		1.3			3.1		2.7		
Subtotal	233.7	55%	317.3	58%	36%	443.4	41%	553.6	43%	25%
Personal Finance										
Product	15.1		10.2			74.9		65.5		
Service	4.1		1.6			10.1		6.3		
Other	10.8		12.1			38.0		39.1		
Subtotal	30.0	7%	23.9	4%	(20)%	123.0	11%	110.9	9%	(10)%
Quicken Loans										
Product	—		—			—		—		
Service	35.2		43.5			72.2		140.0		
Other	—		—			—		—		
Subtotal	35.2	8%	43.5	8%	24%	72.2	7%	140.0	11%	94%
Global Business										
Product	17.9		20.5			59.6		64.6		
Service	5.6		5.1			19.1		15.5		
Other	0.5		0.3			1.9		3.9		
Subtotal	24.0	6%	25.9	5%	8%	80.6	8%	84.0	6%	4%
Other										
Product	—		3.7			—		3.7		
Service	—		1.1			—		1.1		
Other	—		—			—		—		
Subtotal	—	0%	4.8	1%	n/a	—	0%	4.8	0%	n/a
Total net revenue	**$425.2**	**100%**	**$545.2**	**100%**	**28%**	**$1,070.3**	**100%**	**$1,301.2**	**100%**	**22%**

Small Business Division

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

Small Business Division total net revenue increased 27% in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. Total QuickBooks-related revenue (which includes QuickBooks desktop, QuickBooks Internet Gateway, QuickBooks support plans and QuickBooks for the Web) for the quarter increased 36% compared to the same period last year. QuickBooks desktop product revenue alone grew much faster, experiencing 65% growth that reflected higher average selling prices that were driven by the November 2001 launch of our higher-priced QuickBooks Premier products, as well as higher unit sales. The volume increase was driven by strong upgrade sales, which we believe were due in part to our decision to discontinue technical support and tax table services during calendar 2002 for customers using certain older versions of QuickBooks. We believe that the availability of a range of Intuit Developer Network offerings to QuickBooks 2002 customers may also have contributed to the stronger upgrade sales. Third quarter QuickBooks-related revenue growth also reflected strong results from QuickBooks support plans. In August 2001, we began offering several higher-end support plans, which resulted in significantly higher average selling prices that more than offset declines in volume compared to the third quarter last year. Revenue growth in QuickBooks-related products and services was partially offset by a decline in QuickBooks Internet Gateway revenue. Revenue for this business decreased due to a sharp decline in upfront fees received from Internet Gateway participants, as well as a decrease in transaction-based fees that reflects lower customer demand for Internet Gateway services. Financial supplies revenue increased modestly during the quarter.

Payroll revenue increased 25% from quarter to quarter, reflecting 38% combined growth for the QuickBooks-branded 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 the combined offerings also increased by approximately 17%. We expect payroll revenue growth to be slower during the fourth quarter 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.

Small Business Division total net revenue for the first nine months of fiscal 2002 increased 16% compared to the first nine months of fiscal 2001. QuickBooks-related product revenue increased 11%, reflecting higher average selling prices. QuickBooks support revenue increased 47% during the period due to higher average selling prices. Payroll had strong revenue growth, primarily reflecting price increases as well as some unit growth for the Basic and Deluxe offerings, and financial supplies revenue increased modestly.

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 36% in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. Revenue from our consumer tax business increased 43% in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. Revenue from TurboTax desktop products increased 26%, due in part to higher average selling prices resulting from the introduction of a higher-priced premium product as well as a price increase for our Deluxe product. Total units also increased approximately 19% from the third quarter of the prior year. Revenue from TurboTax for the Web more than doubled, reflecting a significant price increase as well as 84% unit growth. Electronic filing units and revenue were also up significantly. From fiscal 2000 to 2001, we saw an increasing portion of our annual growth shift from the second quarter to the third quarter, and that trend continued this fiscal 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.

Revenue from our professional tax preparation products and services increased 19%, with more than half of the growth resulting from our acquisition of Tax and Accounting Software Corporation (“TAASC”) in April 2001 and from higher sales of electronic filing services. Our recent efforts to reduce the unauthorized sharing of professional

tax products (by hard-coding the purchasing tax preparer's name in the software) and higher average selling prices for our ProSeries and Lacerte unlimited-use products also contributed to the revenue growth.

Due to the seasonality of the tax business, results for the full season are more meaningful than results for any particular quarter, and results for the first nine months of a fiscal year are generally indicative of results for the full season. Tax Division total net revenue increased 25% in the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001. Revenue from our consumer tax business increased 28% on strength from TurboTax desktop products as well as TurboTax for the Web, which experienced combined paid federal unit growth of 20%. Electronic filing revenue also contributed to the year-over-year growth. Revenue from our professional tax preparation products increased 25%, with significant growth resulting from our acquisition of TAASC, electronic filing services, efforts to reduce unauthorized product sharing and higher average selling prices for our unlimited-use professional tax products.

Although we are encouraged by the year-to-date results for our tax business, revenues for the full tax season are still subject to consumer product returns from our retail distribution channels. While we expect our reserves for returned products will be adequate to cover retailers' returns of unsold products during the fourth quarter of fiscal 2002, higher than expected returns could have a negative impact on revenue for the full season. See "Critical Accounting Policies — Net Revenue — Return and Rebate Reserves" at the beginning of this Item 2.

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 advertising revenue and online transactions revenue.

Personal Finance Division total net revenue decreased 20% in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. The decrease reflected continued revenue growth in our online transactions business that was more than offset by a 37% decline in Quicken revenue and a 35% decline in Quicken.com revenue from the third quarter of fiscal 2001 to the third quarter of fiscal 2002. The decrease in Quicken revenue reflected 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 decrease in Quicken.com advertising revenue reflected the industry-wide decline in spending by purchasers of Internet advertising.

Revenue patterns for the Personal Finance Division for the first nine months of fiscal 2001 and 2002 were similar to the third quarter trends described above. Revenue decreased 10%, 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 24% in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. The volume of loans sold grew 29%, reflecting increased consumer demand to refinance mortgage loans in light of relatively low interest rates. The volume increase came from conventional loans, as the volume for government-funded loans and alternative sub-prime loans declined. This was partially offset by a 5% 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 which have higher margins than conventional loans. We expect the revenue growth rates for Quicken Loans to be lower in the fourth quarter 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 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 94% in the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001, reflecting a 100% increase in sold 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 third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. Revenue from Canada increased 57% period to period. This reflected strong tax season results for QuickTax, due in part to the preliminary success of our efforts to reduce unauthorized sharing of desktop software. Tax revenue growth was partially offset by modest revenue declines for QuickBooks and Quicken. Revenue in Japan declined 17% during the quarter compared to the third quarter of fiscal 2001, with increased revenue from Yayoi maintenance contracts more than offset by decreased revenue from Yayoi products and by the effect of discontinuing the QuickBooks product line in Japan in the second quarter of fiscal 2002.

Global Business Division total net revenue increased 4% in the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001. This increase included 15% growth in Canada, reflecting increased revenue for tax products that was partially offset by lower QuickBooks and Quicken revenue. Revenue in Japan decreased 12%, with a decline in QuickBooks revenue that was partially offset by increases for other small business products and services.

Cost of Revenue	**Q3 FY01**	**% of Related Revenue**	**Q3 FY02**	**% of Related Revenue**	**Q3 % Change**	**YTD FY01**	**% of Related Revenue**	**YTD FY02**	**% of Related Revenue**	**YTD % Change**
(Dollars in millions)										
Cost of revenue:										
Cost of products	$29.3	12%	$35.1	11%	20%	$118.8	16%	$141.3	16%	19%
Cost of services	39.5	24%	38.6	19%	-2%	108.2	40%	112.9	30%	4%
Cost of other revenue	8.6	46%	6.8	47%	(21)%	21.2	36%	19.7	40%	(7)%
Amortization of purchased software	4.4	—	1.6	—	(64)%	11.2	—	10.4	—	(7)%
Total cost of revenue	**$81.8**	**19%**	**$82.1**	**15%**	**0%**	**$259.4**	**24%**	**$284.3**	**22%**	**10%**

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 was roughly flat at 11% and 16% for the third quarter and the first nine months of fiscal 2002, compared to 12% and 16% for the same periods in the prior year. We lowered our per-unit materials, manufacturing and shipping costs for our shrink-wrap software products, resulting in significant cost savings. These savings were offset by increased costs associated with improvements to our product distribution function. During the second quarter of fiscal 2002, we established a new third-party retail distribution relationship for our shrink-wrap software products. 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 retail customers on a more timely basis. By providing better service to our retailers, we are reducing product returns and related costs.

Cost of services as a percentage of services revenue decreased to 19% and 30% for the third quarter and the first nine months of fiscal 2002, compared to 24% and 40% 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 an increase in total loan

revenue being spread over a fixed cost base that increased only slightly. Our payroll and Web-based tax businesses, 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 47% and 40% for the third quarter and the first nine months of fiscal 2002 compared to 46% and 36% 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 decreased in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001 because of the impairments of purchased software assets related to our Internet-based advertising business and Site Solutions business that were recorded in the second quarter of fiscal 2002. This resulted in a lower base of assets to be amortized in the third quarter of fiscal 2002. Amortization of purchased software decreased slightly in the first nine months of fiscal 2002 compared to the same period of fiscal 2001. This reflects an increase due to the impairment charges that were recorded in the second quarter of fiscal 2002 which was more than offset by the lower third quarter fiscal 2002 amortization. See Note 4 of the financial statements.

Operating Expenses	**Q3 FY01**	**% Total Net Revenue**	**Q3 FY02**	**% Total Net Revenue**	**Q3 % Change**	**YTD FY01**	**% Total Net Revenue**	**YTD FY02**	**% Total Net Revenue**	**YTD % Change**
(Dollars in millions)										
Customer service and technical support	$ 37.5	9%	$ 45.8	8%	22%	$116.1	11%	$137.9	10%	19%
Selling and marketing	68.5	16%	89.8	17%	31%	215.1	20%	256.7	20%	19%
Research and development	52.7	12%	52.9	10%	0%	155.2	15%	156.1	12%	1%
General and administrative	23.9	6%	29.3	5%	23%	77.6	7%	90.1	7%	16%
Charge for purchased research and development	0.2	0%	—	0%	(100)%	0.2	0%	—	0%	(100)%
Charge for vacant facilities	—	0%	13.2	2%	—	—	0%	13.2	1%	—
Acquisition-related charges	122.6	29%	37.6	7%	(69)%	205.3	19%	140.7	11%	(31)%
Loss on impairment of long-lived asset	—	0%	—	0%	—	—	0%	27.0	2%	—
Totals	**$305.4**	**72%**	**$268.6**	**49%**	**(12)%**	**$769.5**	**72%**	**$821.7**	**63%**	**7%**

Customer Service and Technical Support

Customer service and technical support expenses were 8% and 10% of total net revenue for the third quarter and the first nine months of fiscal 2002, compared to 9% and 11% of total net revenue for the same periods of the prior year. During both fiscal 2002 comparison periods, we benefited from continued efficiency in providing customer service and technical support less expensively through Web sites and other electronic means. However, this benefit was partially offset by higher direct sales and support costs in the third quarter and the first nine months of fiscal 2002 associated with converting the customers of Tax and Accounting Software Corporation ("TAASC"), a company that we acquired in April 2001, to our ProSeries and Lacerte professional tax products. We expect customer service and technical support expenses to decrease as a percentage of total net revenue during the remainder of fiscal 2002 and in fiscal 2003 as TAASC conversion costs gradually decline and we continue to benefit from lower cost electronic customer service and technical support delivery mechanisms.

Selling and Marketing

Selling and marketing expenses were roughly flat as a percentage of revenue between the comparison periods, reflecting 17% and 16% of total net revenue for the third quarters of fiscal 2002 and 2001, and 20% of total net revenue for the first nine months of fiscal 2002 and 2001. The increase in absolute dollars between the third quarter comparison periods was attributable to several factors, including the expansion of our small business marketing programs related to our new QuickBooks products; incremental marketing expenses for our Construction Business Solutions products (which we acquired in November 2001); expansion of our consumer tax and Quicken Loans distribution channels; and our donation of $3.0 million to The Intuit Foundation, which will be used to benefit the community through contributions to selected non-profit organizations. Between the nine-month comparison periods,

selling and marketing expenses decreased as a percentage of total net revenue for our Quicken Loans and Payroll businesses due to significant revenue growth. However, these declines were substantially offset by the expansion of our small business marketing programs to support the Right for My Business strategy announced in September 2001, as well as the other factors noted above. 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 for our Quicken Loans business to increase in order to maintain demand as mortgage interest rates increase.

Research and Development

Research and development expenses were 10% and 12% of total net revenue for the third quarter and the first nine months of fiscal 2002, compared to 12% and 15% of total net revenue for the same periods of the prior year. During the third quarter of fiscal 2002, we increased research and development spending in our highest-growth businesses — small business, consumer tax and professional tax — by approximately 10% compared to the third quarter of fiscal 2001. In particular, we continued to invest in 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. At the same time, we significantly decreased or stopped spending in less strategic areas and discontinued businesses. We also benefited from improvements in our development process that resulted in higher quality and shorter development times for our new QuickBooks products. The net result was that research and development expenses in the third quarter and first nine months of fiscal 2002 were flat in absolute dollars and declined as a percentage of total net revenue compared to the same periods of the prior fiscal year. 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 5% and 7% of total net revenue for the third quarter and the first nine months of fiscal 2002, compared to 6% and 7% of total net revenue for the same periods of the prior year. We experienced decreases in bad debt charges for both fiscal 2002 comparison periods compared to the same periods a year ago, as we had greater accounts receivable write offs in fiscal 2001 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, Inc. in November 2001 and EmployeeMatters, Inc. in December 2000.

Charge for Vacant Facilities

During the quarter ended April 30, 2002, we concluded that we would not occupy two vacant leased buildings in Mountain View, California and that we would be unable to recover a substantial portion of our lease obligations from sublessors. As a result, we recorded a charge of $13.2 million. See Note 10 of the financial statements.

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 decreased to $37.6 million and $140.7 million for the third quarter and the first nine months of fiscal 2002, compared to $122.6 and $205.3 million for the same periods of the prior year. Acquisition-related charges for the first nine months of fiscal 2002 included impairment charges related to our Internet-based advertising business and our Site Solutions business that were recorded in the second quarter of fiscal 2002. See Notes 1 and 4 of the financial statements. Acquisition-related charges in the first nine months of fiscal 2002 also reflected amortization of intangibles associated with the acquisitions of EmployeeMatters, Inc. in December 2000, TAASC in April 2001 and OMware, Inc. in November 2001. Acquisition-related charges for the third quarter and first nine months of fiscal 2001 included impairment charges related to the disposition of our Quicken Bill Manager Business that totaled $77 million.

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 Note 1 of the financial statements, “Recent Pronouncements,” and “Risks That Could Affect Future Results” in this Item 2.

Loss on Impairment of Long-lived Asset

The loss on impairment of long-lived asset in the first nine months of fiscal 2002 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 first quarter of fiscal 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 third quarter and the first nine months of fiscal 2002, interest and other income and expense, net, decreased to $8.3 million and $28.6 million compared to $15.1 million and $47.7 million for the same periods a year ago. These decreases were due to a sharp decline in the interest we earned on our cash and short-term investment balances, reflecting significant decreases in market interest rates during those periods.

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

For the third quarter of fiscal 2002, we recorded a gain from marketable securities and other investments, net of taxes, of $1.4 million, compared to a loss of $11.5 million in the same period in the prior year. In the first nine months of fiscal 2002, we recorded a loss of $9.3 million, compared to a loss of $87.3 million for the same period a year ago. See Note 3 of the financial statements. The $9.3 million loss in the first nine 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 recorded at cost. 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 April 30, 2002, we continued to hold marketable securities and long-term investments in privately held companies carried at approximately $62 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.

Gain on Divestiture

In March 2002, we paid $12.0 million to terminate a $20.3 million obligation for an interactive services agreement related to our Quicken Bill Manager business, which we sold in May 2001. We wrote off the $27 million asset acquired in connection with that sale in the first quarter of fiscal 2002 (see Note 9 of the financial statements). In connection with the termination of the interactive services agreement, we recorded a pre-tax gain of $8.3 million. See Note 11 of the financial statements. In the second quarter of fiscal 2001, we recorded a pre-tax gain on divestiture of $1.6 million that related to the sale of our Quicken Insurance business.

Income Taxes

For the third quarter and the first nine months of fiscal 2002, we recorded income tax provisions of $67.9 million and $50.9 million on pretax income of $212.4 million and $222.8 million, resulting in effective tax rates of 32% and 23%. This compares to income tax provisions of $55.3 million and $38.6 million on pretax income of $41.4 million and $3.3 million for the same periods of the prior year. Our effective tax rate for the first nine months of fiscal 2002 differs from the federal statutory rate primarily due to the tax benefit related to a divestiture that became available during the second quarter of fiscal 2002. Our effective tax rates for the third quarter and first nine months of fiscal 2001 differ from the federal statutory rate primarily due to impairment losses which did not create a tax benefit. At April 30, 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 April 30, 2002, our cash and cash equivalents and short-term investments totaled $1,751.9 million, a $182.5 million increase from July 31, 2001.

We generated $336.8 million in cash from our operations during the nine months ended April 30, 2002. The primary components of cash provided by operations were net income of $171.9 million and adjustments made for non-cash expenses, including acquisition-related charges and deferred compensation of $153.3 million, depreciation charges of $50.6 million and an impairment loss on a long-lived asset of $27.0 million. Other accrued liabilities also increased $83.2 million due to the seasonality of our business. These were partially offset by an increase of $156.3 million in mortgage loans as a result of increased loan volumes for the Quicken Loans division and an increase of $94.3 million in customer deposits and accounts receivable, also due to the seasonality of our business.

Investing activities used $228.5 million in cash for the nine months ended April 30, 2002. We received proceeds of $1,905.8 million from the maturity and sale of certain short-term investments, which were more than offset by purchases of short-term investments of $2,085.1 million. As a result of our continued investment in information systems and infrastructure, we also purchased property and equipment of $48.2 million during the period.

We used $104.2 million in cash for our financing activities for the nine months ended April 30, 2002. The primary component of cash used was $149.3 million for the repurchase of treasury stock through our stock repurchase program. See Note 17 of the financial statements. This was partially offset by proceeds of $72.6 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 April 30, 2002, we had repurchased a total of $157.6 million of common stock since the inception of 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 at April 30, 2002:

	Payments Due by Period				
(In millions)	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Contractual Obligations					
Short-term notes payable	$ 17.5	$ —	$ —	$ —	$ 17.5
Long-term debt	—	4.3	2.8	4.1	11.2
Operating leases	30.5	52.7	45.0	40.7	168.9
Other obligations	25.2	—	—	—	25.2
Total contractual cash obligations	$ 73.2	$57.0	$47.8	$44.8	$222.8

The following table summarizes our commercial commitments at April 30, 2002:

	Amount of Commitment Expiration Per Period				
(In millions)	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Other Commercial Commitments					
Line of credit	$ —	$—	$—	$—	$ —
Loan commitments	624.1	—	—	—	624.1
Future sale commitments	200.9	—	—	—	200.9
Total commercial commitments	$825.0	$—	$—	$—	$825.0

Reserves for Returns and Rebates

Activity in our reserves for returns and exchanges and for rebates during the nine months ended April 30, 2002 and comparative balances at April 30, 2001 were as follows:

(In thousands)	Balance July 31, 2001	Additions Charged to Expense	Returns/ Redemptions	Balance April 30, 2002	Balance April 30, 2001
Reserve for returns and exchanges	$31,510	$88,451	$(63,888)	$56,073	$68,654
Rebates	10,130	92,155	(72,256)	30,029	30,340

Reserves for returns and exchanges were lower as of April 30, 2002 compared to April 30, 2001 despite fiscal 2002 revenue growth due to improved distributor and retail channel inventory management and to channel mix shifts in QuickBooks sales from retail to direct. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Cost of Revenue.”

Recent Pronouncements

On June 29, 2001, the FASB issued SFAS 141, “*Business Combinations,*” and 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 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 adopted this new release prospectively to transactions beginning in the third quarter of fiscal 2002. The adoption of EITF Issue No. 01-09 did not have a material impact on our total net revenue.

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), $37.6 million in the third quarter of fiscal 2002 and $140.7 million in the first nine 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 $1.4 million in the third quarter of fiscal 2002 and a pre-tax loss of $9.3 million in the first nine 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 at least annually and also 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.

Our acquisitions can result in business integration challenges. Our recent acquisitions have expanded our product and service offerings, personnel and geographic locations. A key component of our "Right for My Business" strategy is to continue to expand our product and service offerings in the small business accounting and management segment, and we expect that a significant portion of this expansion will result from acquisitions. Integrating and organizing acquired businesses creates challenges for our operational, financial and management information systems, as well as for our product development processes. If we do not adequately address issues presented by growth through acquisitions, we may not fully realize the intended benefits (including financial benefits) of these acquisitions.

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 during fiscal 2001 and the first half of fiscal 2002. Although we experienced solid revenue growth in most of our businesses during the third quarter of fiscal 2002, the future economic environment remains uncertain. If conditions 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 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 the remainder of fiscal 2002 and beyond.

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 experienced relatively brief unscheduled interruptions in our electronic filing/and or tax preparation services during fiscal 2000 and 2001, and we reached maximum capacity for a short period on April 15, 2002. We do not believe any prior service outages had a material financial impact, prevented a significant number of 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 is impossible to predict, and we could experience adverse financial and public relations consequences if these services are unavailable in the future 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 the past two years will be sustainable long-term, either on a year-over-year basis or on a sequential quarter basis. Mortgage interest rate increases, the impact of the economic climate on the housing market 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 nine months 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 the past two years 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 tax law changes for 2000. In the first quarter of fiscal 2002, we again increased prices. We do not expect that future price increases will contribute as significantly to revenue growth as they have in the recent past.

It is too early to provide any assurance that our “Right for My Business” strategy will generate substantial and sustained revenue growth in the small business accounting and business management segments. Sales to both existing customers and new customers of our QuickBooks desktop products during fiscal 2001 and early in fiscal 2002 were lower than expected. We cannot rely solely on this source of revenue to provide sustainable future growth for our Small Business Division. In September 2001, we announced our “Right for My Business” strategy to better address the broader small business management opportunities beyond accounting for companies with fewer than 25 employees. However, it is too early to provide any assurance that this strategy will generate substantial and sustained revenue growth in the small business accounting and management segments. To the extent that growth will result from acquisitions, we will face business integration challenges. See “Risks That Could Affect Future Results — Our acquisitions can result in business integration challenges” above.

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 third quarter and the first nine 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. See “Critical Accounting Policies — Net Revenue — Return and Rebate Reserves” at the beginning of this Item 2.

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 April 30, 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 April 30, 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 12 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 April 30, 2002.

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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 three 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 April 30, 2002, we did not engage in foreign currency hedging activities.

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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.

ITEM 5
OTHER MATTERS

CHANGES IN EXECUTIVE OFFICERS

On April 17, 2002, we promoted Daniel L. Manack to the position of Senior Vice President, Accountant Business. Mr. Manack joined Intuit as Vice President, Professional Products Group in January 2002. Prior to joining Intuit, he was Senior Vice President of E-Markets Group Operations at Peregrine Systems, Inc. from May 2001 to January 2002 and Senior Vice President at Peregrine Solutions from June 2000 to May 2001. Prior to the acquisition of Harbinger Corporation by Peregine Systems, Inc. in June 2000, Mr. Manack was Executive Vice President of Operations at Harbinger Corporation from January 2000 to June 2000, Senior Vice President — Market Executive of New Clients from February 1999 to January 2000, Senior Vice President of World Professional Services from February 1998 to February 1999 and Vice President & General Manager of Professional Services and Outsourcing Practice from January 1997 to February 1998. Mr. Manack holds a Bachelor of Science in Industrial Engineering degree from West Virginia University and a Masters Business Administration degree from the University of Dallas.

Effective May 31, 2002, Catherine L. Valentine resigned as Vice President, General Counsel and Corporate Secretary of Intuit.

ANNUAL MEETING DATE

The date for Intuit's next Annual Meeting of Stockholders is currently scheduled for December 12, 2002.

ITEM 6
EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit No.	Exhibit Description	Filed with this Form 10-Q	Incorporated By Reference		
			Form	File No.	Date Filed
3.01	Bylaws of Intuit, as amended and restated effective May 1, 2002	X			
10.01†	Intuit Inc. Executive Deferred Compensation Plan, effective March 15, 2002	X			
10.02†	Amended Secured Balloon Payment Bridge Loan Promissory Note (for the principal amount of $1,044,000) between Intuit and Tom Allanson, dated April 18, 2002	X			

† Management compensatory plan or arrangement.

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Reports on Form 8-K during the third quarter of fiscal 2002 and through the filing date of this Form 10-Q:

1. 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 balance sheets and statements of operations as of and for the second quarter ended January 31, 2002.

2. On May 13, 2002, Intuit filed a Form 8-K to report under Item 5 that on May 8, 2002 Intuit announced that it had signed a definitive agreement to acquire CBS Employer Services, Inc. and to report under Item 5 that on May 9, 2002 Intuit announced that it had signed a definitive agreement to acquire The Flagship Group (the holding company of American Fundware, Inc.). We did not file financial statements with this report.

3. On May 17, 2002, Intuit filed a Form 8-K to report under Item 5 its financial results for the quarter ended April 30, 2002. We included in the report Intuit's consolidated balance sheets and statements of operations as of and for the third quarter ended April 30, 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: May 31, 2002

By: /s/ Greg J. Santora

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

EXHIBIT INDEX

Exhibit Number	Description
3.01	Bylaws of Intuit, as amended and restated effective May 1, 2002
10.01†	Intuit, Inc. Executive Deferred Compensation Plan, effective March 15, 2002
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† Management compensatory plan or arrangement.

Exhibit 3.01

BYLAWS

OF

INTUIT INC.

A Delaware Corporation

As Amended May 1, 2002

BYLAWS

OF

INTUIT INC.

A Delaware Corporation

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BYLAWS

OF

INTUIT INC.

A Delaware Corporation

As Amended May 1, 2002

ARTICLE I

STOCKHOLDERS

Section 1.1: **Annual Meetings.** Unless directors are elected by written consent in lieu of an annual meeting, as permitted by Section 211 of the Delaware General Corporation Law, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors shall each year fix. The meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board of Directors in its sole discretion may determine. Any other proper business may be transacted at the annual meeting.

Section 1.2: **Special Meetings.** Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, and shall be called upon the request of the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or by a majority of the members of the Board of Directors. Special meetings may not be called by any other person or persons. If a special meeting of stockholders is called at the request of any person or persons other than by a majority of the members of the Board of Directors, then such person or persons shall request such meeting by delivering a written request to call such meeting to each member of the Board of Directors, and the Board of Directors shall then determine the time and date of such special meeting, which shall be held not more than 120 nor less than 35 days after the written request to call such special meeting was delivered to each member of the Board of Directors. The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board of Directors in its sole discretion may determine.

Section 1.3: **Notice of Meetings.** Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by law (including, without limitation, as set forth in Section 7.1(b) of these Bylaws) stating the date, time and place, if any, of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation of the Corporation, such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 1.4: **Adjournments.** The chair of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The chair shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof are announced at the meeting at which the adjournment is taken; provided, however, that

if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.5: Quorum. At each meeting of stockholders the holders of a majority of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except if otherwise required by applicable law. If a quorum shall fail to attend any meeting, the chairperson of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by such person as the Board of Directors may designate, or, in the absence of such a person, the Chairperson of the Board of Directors, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairperson of the meeting and, subject to Section 1.11 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Unless otherwise provided by law or the Certificate of Incorporation, and subject to the provisions of Section 1.8 of these Bylaws, each stockholder shall be entitled to one vote for each share of stock held by such stockholder. Each stockholder entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Voting at meetings of stockholders need not be by written ballot unless such is demanded at the meeting before voting begins by a stockholder or stockholders holding shares representing at least 1% of the votes entitled to vote at such meeting, or by such stockholder's or stockholders' proxy; provided, however, that an election of directors shall be by written ballot if demand is so made by any stockholder at the meeting before voting begins. If a vote is to be taken by written ballot, then each such ballot shall state the name of the stockholder or proxy voting and such other information as the chairperson of the meeting deems appropriate and, if authorized by the Board of Directors, the ballot may be submitted by electronic transmission in the manner provided by law. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the shares of stock entitled to vote thereon that are present in person or represented by proxy at the meeting and are voted for or against the matter.

Section 1.8: Fixing Date for Determination of Stockholders of Record.

(a) Generally. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to take corporate action by written consent without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed by the Board of Directors, then the record date shall be as provided by applicable law. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) Stockholder Request for Action by Written Consent. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date for such consent. Such request shall include a brief description of the action proposed to be taken. The Board of Directors shall, within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors within 10 days after the date on which such a request is received, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner provided in Section 1.10(b) of these Bylaws. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 1.9: List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. If the meeting is held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.

Section 1.10: Action by Written Consent of Stockholders.

(a) Procedure. Unless otherwise provided by the Certificate of Incorporation, and except as set forth in Section 1.8(b) above, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed in the manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written stockholder consents shall bear the date of signature of each stockholder who signs the consent in the manner permitted by law and shall be delivered to the Corporation as provided in subsection (b) below. No written consent shall be effective to take the action set forth therein unless, within 60 days of the earliest dated consent delivered to the Corporation in the manner provided above, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the Corporation in the manner provided above.

(b) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors of the Corporation.

(c) Notice of Consent. Prompt notice of the taking of corporate action by stockholders without a meeting by less than unanimous written consent of the stockholders shall be given to those stockholders who have not consented thereto in writing and, who, if the action had been taken at a meeting, would have been entitled to notice of the meeting, if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as required by law. In the case of a Certificate of Action (as defined below), if the Delaware General Corporation Law so requires, such notice shall be given prior to filing of the certificate in question. If the action which is consented to requires the filing of a certificate under the Delaware General Corporation Law (the "***Certificate of Action***"), then if the Delaware General Corporation Law so requires, the certificate so filed shall state that written stockholder consent has been given in accordance with Section 228 of the Delaware General Corporation Law and that written notice of the taking of corporate action by stockholders without a meeting as described herein has been given as provided in such section.

Section 1.11: Inspectors of Elections.

(a) Applicability. Unless otherwise provided in the Corporation's Certificate of Incorporation or required by the Delaware General Corporation Law, the following provisions of this Section 1.11 shall apply only if and when the Corporation has a class of voting stock that is: (i) listed on a national securities exchange; (ii) authorized for quotation on an automated interdealer quotation system of a registered national securities association; or (iii) held of record by more than 2,000 stockholders. In all other cases, observance of the provisions of this Section 1.11 shall be optional, and at the discretion of the Board of Directors of the Corporation.

(b) Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

(c) Inspector's Oath. Each inspector of election, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

(d) Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (i) ascertain the number of shares outstanding and the voting power of each share, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(e) Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(f) Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with Section 212(c)(2) of the Delaware General Corporation Law, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.11 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.12: Notice of Stockholder Business; Nominations.

(a) Annual Meeting of Stockholders.

(i) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (A) pursuant to the Corporation's notice of such meeting, (B) by or at the direction of the Board of Directors or (C) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.12, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.12.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of subparagraph (a)(i) of this Section 1.12, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 75th day nor earlier than the close of business on the 105th day prior to the first anniversary of the preceding year's annual meeting, except in the case of the 2002 annual meeting, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by subparagraph (b) of this Section 1.12; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 105th day prior to such annual meeting and not later than the close of business on the later of the 75th day prior to such annual meeting or the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (2) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner.

(iii) Notwithstanding anything in the second sentence of subparagraph (a)(ii) of this Section 1.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 75 days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than 30 days before or 60 days after such anniversary date, at least 75 days prior to such annual meeting), a stockholder's notice required by this Section 1.12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.12. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by subparagraph (a)(ii) of this Section 1.12 shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the 105th day prior to such special meeting and not later than the close of business on the later of the 75th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.12 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this Section 1.12, the term ***"Public Announcement"*** shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The Board of Directors shall consist of one or more members. The initial number of directors shall be eight, and thereafter shall be fixed from time to time by resolution of the Board of Directors. No decrease in the authorized number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. The Board of Directors shall initially consist of the person or persons elected by the incorporator or named in the Corporation's initial Certificate of Incorporation. Each director shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Subject to the rights of any holders of Preferred Stock then outstanding: (i) any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors and (ii) any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders having the right to vote as a single class, shall, except as otherwise provided by law, be filled only by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director and not by the stockholders, and any director so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until his or her successor is elected and qualified.

Section 2.3: Regular Meetings. Regular meetings of the Board of Directors may be held at such places, within or without the State of Delaware, and at such times as the Board of Directors may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board of Directors.

Section 2.4: Special Meetings. Special meetings of the Board of Directors may be called by the Chairperson of the Board of Directors, the President or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four days before the meeting if the notice is mailed, or at least 24 hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the total number of authorized directors shall constitute a quorum for the transaction of business. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7: Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board of Directors, or in such person's absence by the President, or in such person's absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Written Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all

members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee, respectively. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2.10: Compensation of Directors. Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors.

ARTICLE III

COMMITTEES

Section 3.1: Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving, adopting, or recommending to the stockholders any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV

OFFICERS

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer and/or a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, including a Chairperson of the Board of Directors and/or Chief Financial Officer, as may from time to time be appointed by the Board of Directors. All officers shall be elected by the Board of Directors; provided, however, that the Board of Directors may empower the Chief Executive Officer of the Corporation to appoint officers other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until such person's successor is elected and qualified or until such person's earlier resignation or removal. Any number of

offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board of Directors.

Section 4.2: Chief Executive Officer. Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) To preside at all meetings of the stockholders;

(c) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board of Directors shall be the Chief Executive Officer.

Section 4.3: Chairperson of the Board. The Chairperson of the Board of Directors shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

Section 4.4: President. The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairperson of the Board of Directors, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

Section 4.5: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board of Directors or the Chief Executive Officer. A Vice President may be designated by the Board of Directors to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer’s absence or disability.

Section 4.6: Chief Financial Officer. The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board of Directors shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board of Directors and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

Section 4.7: Treasurer. The Treasurer shall have custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.8: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.9: Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.10: Removal. Any officer of the Corporation shall serve at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by the Board of Directors. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V

STOCK

Section 5.1: Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairperson or Vice-Chairperson of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3: Other Regulations. The issue, transfer, conversion and registration of stock certificates shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a ***"Proceeding"***), by reason of the fact that he or she (or a person of whom he or she is the legal representative), is or was a director or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or a Reincorporated Predecessor (as defined below) as a director or officer of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. As used herein, the term "***Reincorporated Predecessor***" means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger; and (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

Section 6.2: Advance of Expenses. The Corporation shall pay all expenses (including attorneys' fees) incurred by such a director or officer in defending any such Proceeding as they are incurred in advance of its final disposition; provided, however, that if the Delaware General Corporation Law then so requires, the payment of such expenses incurred by such a director or officer in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article VI or otherwise; and provided, further, that the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a Proceeding, alleging that such person has breached his or her duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board of Directors is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Effect of Amendment. Any amendment, repeal or modification of any provision of this Article VI shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

ARTICLE VII

NOTICES

Section 7.1: Notice. (a) Except as otherwise specifically provided in these Bylaws (including, without limitation, Section 7.1(b) below) or required by law, all notices required to be given pursuant to these Bylaws shall be in writing and may in every instance be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, telex, overnight express courier, mailgram or facsimile. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (i) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (ii) in the case of delivery by mail, upon deposit in the mail, (iii) in the case of delivery by overnight express courier, when dispatched, and (iv) in the case of delivery via telegram, telex, mailgram, or facsimile, when dispatched.

(b) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the Delaware General Corporation Law, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1(b) shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

(c) An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision of these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII

INTERESTED DIRECTORS

Section 8.1: Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (i) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX

MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 9.2: Seal. The Board of Directors may provide for a corporate seal, which shall have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board of Directors.

Section 9.3: Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the Delaware General Corporation Law.

Section 9.4: Reliance Upon Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Corporation's Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Corporation's Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X

AMENDMENT

Section 10.1: Amendments. Stockholders of the Corporation holding a majority of the Corporation's outstanding voting stock shall have the power to adopt, amend or repeal Bylaws. To the extent provided in the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation shall also have the power to adopt, amend or repeal Bylaws of the Corporation, except insofar as Bylaws adopted by the stockholders shall otherwise provide.

Exhibit 10.01

INTUIT INC.

EXECUTIVE DEFERRED COMPENSATION PLAN

Effective March 15, 2002

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INTUIT INC.

EXECUTIVE DEFERRED COMPENSATION PLAN

ARTICLE I

PURPOSE

The purpose of this Executive Deferred Compensation Plan (this “Plan”) is to provide current tax planning opportunities as well as supplemental funds for the retirement or death of certain select key employees of Intuit Inc., a Delaware corporation (the “Company”). It is intended that the Plan will aid the Company in retaining and attracting employees of exceptional ability. This Plan shall be effective as of March 15, 2002.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Accelerated Distribution. “Accelerated Distribution” means the distribution made pursuant to Section 5.1(c).

2.2 Account Earnings. “Account Earnings” means the amount to be credited to the Participant’s Elective Deferral Account and Company Contribution Account pursuant to Section 4.5.

2.3 Beneficiary. “Beneficiary” means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant’s death.

2.4 Bonus Deferral Commitment. “Bonus Deferral Commitment” means the bonus deferral made pursuant to Section 3.2(b).

2.5 Change of Control. “Change of Control” means the occurrence of any of the following events:

(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 this Plan is assumed by the successor corporation, which assumption shall be binding on all Participants),

(b) the sale of substantially all of the assets of the Company,

(c) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in 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).

2.6 Code. "Code" means the Internal Revenue Code, as amended from time to time.

2.7 Commission Deferral Commitment. "Commission Deferral Commitment" means the commission deferral made pursuant to Section 3.2(c).

2.8 Committee. "Committee" means the Employee Benefits Administrative Committee. The Committee shall be responsible for administering the Plan.

2.9 Company. "Company" means Intuit Inc., a Delaware Corporation or any successor to the business thereof.

2.10 Company Contribution Account. "Company Contribution Account" means the Account maintained in accordance with Article IV with respect to Company contributions pursuant to Section 4.3 of this Plan. The Company Contribution Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to this Plan. The Company Contribution Account shall not constitute or be treated as a trust fund of any kind.

2.11 Compensation. "Compensation" means the salary, bonus, and commissions payable to a Participant during the calendar year and considered to be "wages" for purposes of federal income tax withholding, before reduction for amounts deferred under this Plan, salary reduction contributions under Section 401(k) of the Code, or any other deferral arrangements. Compensation also includes payroll deduction amounts a Participant elects to make to the Company's Employee Stock Purchase Plan. Compensation does not include expense reimbursements, severance wages, any form of non-cash compensation or benefits, including short and long term disability payments, group life insurance premiums, income from the exercise of stock options or other receipt of Company stock, or any other payments or benefits other than normal compensation.

2.12 Compensation Committee. “Compensation Committee” means the Compensation Committee of the Board of Directors of the Company.

2.13 Deferral Commitment. “Deferral Commitment” means an election to defer Compensation made by a Participant pursuant to Article III and for which the Participant has submitted a separate Participation Agreement to the Committee.

2.14 Deferral Period. “Deferral Period” means the period over which a Participant has elected to defer a portion of his Compensation. Each calendar year shall be a separate Deferral Period. However, for the initial Deferral Period under the Plan or for a newly eligible employee, the Deferral Period shall be the portion of the calendar year following timely submission of the Participation Agreement to the Committee.

2.15 Disability. “Disability” means a mental or physical condition that satisfies the definition of disability contained in the Company’s Long Term Disability Plan and would make an individual eligible for benefits under such plan.

2.16 Early Withdrawal. “Early Withdrawal” means a distribution from a Participant’s Elective Deferral Account pursuant to Section 5.1(a).

2.17 Earnings Index or Earnings Indices. “Earnings Index” or “Earnings Indices” means the portfolios or funds selected by the Committee to be used in calculating Account Earnings. Each Earnings Index shall be treated as a phantom investment fund that shall be credited with earnings (whether a gain or loss) according to the performance of the actual fund or portfolio.

2.18 Elective Deferral Account. “Elective Deferral Account” means the Account maintained by the Company in accordance with Article IV with respect to any elective deferral of Compensation pursuant to Section 4.2 of this Plan. A Participant’s Elective Deferral Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to this Plan and shall not constitute or be treated as a trust fund of any kind.

2.19 Elective Deferred Compensation. “Elective Deferred Compensation” means the amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.20 Employer. “Employer” means the Company and any affiliated or subsidiary entities designated by the Committee.

2.21 Financial Hardship. “Financial Hardship” means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary or unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute Financial Hardship will depend upon the facts of each case, but in any case, payment may not be made to the extent that such hardship is or may be relieved: (a) through reimbursement or compensation by insurance or otherwise, or (b) by liquidation of the Participant’s assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. The desire

to send a child to college or purchase a home will not be considered a Financial Hardship under the Plan.

2.22 Hardship Withdrawal. “Hardship Withdrawal” means a distribution from a Participant’s Elective Deferral Account and vested Company Contribution Account pursuant to Section 5.1(b).

2.23 Participant. “Participant” means any individual who is participating in this Plan as provided in Article III and any individual who has a Plan Benefit under this Plan.

2.24 Participation Agreement. “Participation Agreement” means the Deferral Commitment agreement submitted by a Participant to the Committee pursuant to Sections 3.1(b) and 3.1(c).

2.25 Plan Benefit. “Plan Benefit” means the benefit payable to a Participant as calculated in Article V.

2.26 Retirement. “Retirement” means termination from employment with the Employer after the attainment of:

(a) Age 55, and

(b) Five years of service with the Employer. A Participant shall be credited with a year of service, for purposes of this Section and Section 5.3(b), for each full year in which the Participant remains employed by the Employer, beginning on the Participant’s initial hire date and ending on the date the Participant terminates employment with the Employer. If a Participant is an employee as a result of the Company’s or one of its subsidiaries’ acquisition of or merger with the Participant’s prior employer, the Participants’ years of service shall include the time the Participant was employed by such prior employer.

2.27 Salary Deferral Commitment. “Salary Deferral Commitment” means the salary deferral made pursuant to Section 3.2(a).

ARTICLE III

PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation.

(a) Eligibility. An employee of the Employer shall be eligible to participate in this Plan if the employee is a management or highly compensated employee and is named by the Company’s CEO or his designee to be a Participant in this Plan. To be considered for participation in a year, the Participant must have projected base salary, target incentive compensation, and target commissions equal to at least $140,000 and be employed in a position at the director level or above.

(b) Participation. An eligible employee may elect to participate in this Plan with respect to any Deferral Period by submitting a Participation Agreement to the Committee, prior to the date established by the Committee, in the calendar year immediately preceding the Deferral Period. Notwithstanding the forgoing, an election to participate in the Plan for the initial Deferral Period shall be timely if made by April 14, 2002, thirty days after the Plan is effective. Such election will be made during the current calendar year, but will be to defer Compensation for services to be substantially performed subsequent to the date of the election.

(c) Partial Year Participation. In the event that an employee first becomes eligible to participate during a calendar year, a Participation Agreement must be submitted to the Committee no later than thirty (30) days following notification to the employee of eligibility to participate. Such Participation Agreement shall be effective only with regard to Compensation earned following the submission of the Participation Agreement to the Committee.

3.2 Elective Deferrals. A Participant may elect Deferral Commitments in the Participation Agreement as follows:

(a) Salary Deferral Commitment. A Salary Deferral Commitment shall be related to the salary payable by Company to the Participant during the Deferral Period. The amount to be deferred shall be stated as a percentage of the salary to be paid during the Deferral Period, as a flat dollar amount for the Deferral Period, or in such other form as allowed by the Committee.

(b) Bonus Deferral Commitment. A Bonus Deferral Commitment shall be related to the bonuses payable to the Participant during the Deferral Period. The amount to be deferred shall be stated as a percentage of any bonus payable during the Deferral Period, as a flat dollar amount from any bonus payable during the Deferral Period, or in such other form as allowed by the Committee.

(c) Commission Deferral Commitment. A Commission Deferral Commitment shall be related to the commissions payable to the Participant during the Deferral Period. The amount to be deferred shall be stated as a percentage of any commissions payable during the Deferral Period, as a flat dollar amount from any commissions payable during the Deferral Period, or in such other form as allowed by the Committee.

3.3 Limitations on Deferral Commitments. The following limitations shall apply to Deferral Commitments:

(a) Minimum. The minimum deferral amount for a Salary and Bonus Deferral Commitment shall be two thousand dollars ($2,000) per Deferral Period. If the Deferral Commitment is a Bonus Deferral Commitment or a Commission Deferral Commitment, the $2,000 minimum shall be calculated as a percentage of targeted incentive bonus or commissions.

(b) Maximum. The maximum deferral amount for a Salary Deferral Commitment shall be fifty percent (50%). The maximum deferral amount for a Bonus Deferral Commitment or a Commission Deferral Commitment shall be one hundred percent (100%) of any such bonus, or commission to be paid or payable during the Deferral Period.

(c) Changes in Minimum or Maximum. The Committee may amend the Plan to change the minimum or maximum deferral amounts from time to time by giving written notice to all Participants. No such change may affect a Deferral Commitment made prior to the Committee's action.

3.4 Modification of Deferral Commitment. A Deferral Commitment shall be irrevocable except that the Committee shall permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment upon a finding that the Participant has suffered a Financial Hardship. If the Committee grants the application, the Participant will not be allowed to enter into a new Deferral Commitment for the remainder of the Deferral Period in which the reduction or waiver of the Deferral Commitment occurs and the following Deferral Period. Any resumption of the Participant's deferrals under this Plan shall be made only at the election of the Participant in accordance with this Article III.

ARTICLE IV

DEFERRED COMPENSATION ACCOUNTS

4.1 Accounts. For record keeping purposes only, separate accounts shall be maintained for each Participant to reflect his or her Elective Deferral Account and Company Contribution Account (collectively referred to herein as "Accounts"). Separate sub-accounts shall be maintained to the extent necessary to properly reflect the Participant's election of Earnings Indices and vesting of Company contributions under Sections 4.4 and 4.7.

4.2 Elective Deferred Compensation. A Participant's Elective Deferred Compensation shall be credited to the Participant's Elective Deferral Account as the corresponding non-deferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts which is required by state, federal or local law with respect to deferred Compensation shall be withheld from the Participant's non-deferred Compensation to the maximum extent possible with any excess reducing the amount deferred.

4.3 Discretionary Company Contributions. The Company may make discretionary Company contributions to the Participant's Company Contribution Account. Discretionary Company contributions shall be credited at such times and in such amounts as the Committee in its sole discretion shall determine. The Committee shall notify Participants of contributions to their Company Contribution Account under this Section 4.3.

4.4 Allocation of Accounts. A Participant shall allocate the Accounts among the Earning Indices selected by the Committee. Such allocations shall be made in whole percentage increments. The Committee may change the Earnings Indices at any time. The Elective Deferral Account and Company Contribution Account shall be treated as if invested in the Earnings

Indices chosen by the Participant. The Participant's initial allocation shall be set forth in the Participation Agreement. If no allocation is made in the Participation Agreement, the Participant's entire account shall be initially allocated to the money market fund. A change in allocation among Earning Indices will be allowed once each day in the form and manner prescribed by the Committee. Changes made while the New York Stock Exchange is open will be effective at the end of the day on which the change was made. Changes made when the New York Stock Exchange is closed will be effective at the end of the next day on which the New York Stock Exchange is open.

4.5 Account Earnings. The Accounts of each Participant shall be credited with earnings as if such Accounts were actually invested in the Earnings Indices elected by the Participant pursuant to Section 4.4.

4.6 Determination of Accounts. Each Participant's Elective Deferral Account as of each day shall consist of the balance of such account as of the immediately preceding day, plus (a) the Participant's Elective Deferred Compensation credited during the day, and (b) the applicable Account Earnings, minus the amount of any distributions from such account made during the day. Each Participant's Company Contribution Account as of each day shall consist of the balance of such account as of the immediately preceding day, plus (a) any discretionary Company contributions credited during the day, and (b) the applicable Account Earnings, minus the amount of any distributions from such account made during the day. The specific method of valuing the Accounts shall be under the sole discretion of the Committee.

4.7 Vesting of Accounts. Participants shall be vested in their Accounts as follows:

(a) Each Participant's Elective Deferral Account, including earnings thereon, shall be 100% vested at all times.

(b) Each discretionary Company contribution credited to each Participant's Company Contribution Account under Section 4.3 and earnings thereon shall be vested according to the sole discretion of the Committee. The vesting schedule applied to each Discretionary Company Contribution shall be communicated to the Participant at the same time that the Participant is informed of such Discretionary Company Contribution. The Committee may later accelerate vesting of a Discretionary Company Contribution in its sole discretion. Notwithstanding the vesting schedule established by the Committee with respect to a Discretionary Company Contribution, such Discretionary Company Contribution and the earnings thereon shall become 100% vested on the occurrence of any of the following events:

(i) The Participant's Disability,

(ii) The Participant's death, or

(iii) A Change of Control of the Company.

4.8 Statement of Accounts. The Committee shall submit to each Participant, within ninety (90) days after the close of each calendar year and at such other time as determined by the

Committee, a statement setting forth the balance of and the credits to the Accounts maintained for such Participant.

ARTICLE V

PLAN BENEFITS

5.1 Prior to Termination of Employment. A Participant's Elective Deferral Account and the vested portion of a Participant's Company Contribution Account may be distributed to the Participant prior to termination of employment as follows:

(a) Early Withdrawal.

(i) Elective Deferral Account. A Participant may elect in a Participation Agreement to withdraw all or any portion of the amount deferred by that Participation Agreement, and the earnings thereon, as of a date specified in the Participation Agreement. Such date shall not be sooner than two (2) years after the date the Deferral Period commences. Such election shall be made at the time the Deferral Commitment is made and shall be irrevocable.

(ii) Company Contribution Account. A Participant may elect to withdraw all or any portion of a vested Company contribution and the earnings thereon, as of a specified date, not sooner than two (2) years after the date the Company contribution is credited to the Participant's Company Contribution Account. Such election shall be made at the time the Company Contribution is credited to the Participant's Company Contribution Account and shall be irrevocable. Withdrawals under this section shall be limited to the vested portion of the Company Contribution Account.

(b) Hardship Withdrawals. Upon a finding that a Participant has suffered a Financial Hardship, the Committee may, in its sole discretion, make distributions from the Participant's Elective Deferral Account and the vested portion of the Participant's Company Contribution Account. A Participant requesting a Hardship Withdrawal shall apply in writing to the Committee and shall provide such additional information as the Committee may require. The amount of the Hardship Withdrawal shall be limited to the amount reasonably necessary to meet the Participant's needs resulting from the Financial Hardship, including any amounts necessary to pay federal, state and/or local income taxes reasonably anticipated to result from the distribution. Upon requesting a Hardship Withdrawal, the Participant shall be required to change the investment direction of the Participant's Accounts to the money market fund. Immediately following a distribution due to Financial Hardship, or the determination by the Committee not to authorize a Hardship Withdrawal, the Participant may change the investment direction pursuant to Section 4.4. If a distribution is made due to Financial

Hardship in accordance with this Section 5.1(b), the Participant's deferrals under this Plan shall cease for the remainder of the Deferral Period in which the Hardship Withdrawal occurs and the following Deferral Period. Any resumption of the Participant's deferrals under this Plan shall be made only at the election of the Participant in accordance with Article III herein.

(c) Accelerated Distribution. Notwithstanding any other provision of this Plan, a Participant shall be entitled to receive, upon written request to the Committee, a lump sum distribution equal to ninety percent (90%) of the Participant's Elective Deferral Account and the vested portion of the Participant's Company Contribution Account as of the end of the day immediately preceding the date on which the Committee receives the written request ("Accelerated Distribution"). The remaining balance of the Participant's Elective Deferral Account and the remaining balance of the Participant's vested Company Contribution Account shall be forfeited by the Participant. The unvested portion of the Participant's Company Contribution Account shall not be forfeited, but rather shall remain in the Plan until distributed in accordance with this Article V. Upon requesting an Accelerated Distribution, the Participant shall be required to change the investment direction of the Participant's Accounts to the money market fund. After an Accelerated Distribution, the Participant's deferrals under this Plan shall cease for the remainder of the Deferral Period in which the Accelerated Distribution occurs, and the following Deferral Period. Any resumption of the Participant's deferrals under this Plan shall be made only at the election of the Participant in accordance with Article III herein.

5.2 After Termination of Employment. Upon a Participant's termination of employment with the Employer for any reason, the Participant shall become entitled to receive the payment of the Participant's Elective Deferral Account and the vested portion of the Participant's Company Contribution Account. The benefit will be paid in the form set forth in Section 5.3.

5.3 Form of Benefit Payment. Benefits payable under Sections 5.1 and 5.2 shall be payable in the following form:

(a) Distributions Prior to Termination. Early Withdrawals under Section 5.1(a)(i) will be paid as a lump sum or over four (4) years, pursuant to Section 5.4, as elected by the Participant in the Participation Agreement. Early Withdrawals under Section 5.1(a)(ii) will be paid, pursuant to Section 5.4, as elected by the Participant in the Participation Agreement. Hardship Withdrawals under Section 5.1(b) will be paid in a lump sum within thirty (30) days after the Committee's decision. Accelerated Distributions under Section 5.1(c) will be paid in a lump sum within thirty (30) days of the receipt of the request by the Committee.

(b) Termination Prior to Retirement, Disability, or Change of Control. Benefits payable as a result of termination for any reason other than the Participant's Retirement or Disability or prior to a Change of Control of the

Company shall be paid in a lump sum. Provided, however, that a Participant who terminates after having five (5) years of service with the Company shall be entitled to elect to elect in the Participation Agreement to receive the benefit as a lump sum, or in substantially equal annual installments over two (2) or five (5) years. For purposes of this Section 5.3(b), years of service will be determined pursuant to Section 2.26(b).

(c) Termination Due to Retirement, Disability, or After Change of Control. Benefits payable as a result of termination due to the Participant's Retirement or Disability or after a Change of Control of the Company shall be paid in the form selected by the Participant at the time of the Deferral Commitment. Options for the form of benefit payment shall include:

(i) A lump sum payment, or

(ii) Substantially equal annual installments of the Account over a period of two (2), five (5) or ten (10) years. Account Earnings shall continue to accrue during the payment period on the unpaid balance in the Participant's Accounts.

(d) Death Benefits.

(i) Upon the death of the Participant prior to termination of employment, the Company shall pay to the Participant's Beneficiary, as designated in Article VI, an amount equal to the balance of the Participant's Elective Deferral Account and Company Contribution Amount in the form selected by the Participant at the time of the Deferral Commitment. Options for the form of benefit payment shall include a lump sum payment or substantially equal annual installments of the Participant's Accounts over a period of two (2), five (5) or ten (10) year years; provided, however, that any benefits payable hereunder to a trust or estate shall be paid in a lump sum. Account Earnings shall continue to accrue during the payment period on the unpaid balance of the Participant's Accounts. The Committee may, in its sole discretion, pay any death benefit hereunder in the form of a lump sum.

(ii) Upon the death of a Participant after benefit payments have commenced, the Participant's Beneficiary shall receive the remaining unpaid balance in the Participant's Accounts in the same manner as the Participant was being paid prior to the Participant's death; provided, however, that any benefits payable hereunder to a trust or estate shall be made in a lump sum. The Committee may, in its sole discretion, pay any death benefit hereunder in the form of a lump sum. The Committee may, in its

sole discretion, pay any death benefit hereunder in the form of a lump sum.

(e) Small Account(s). Notwithstanding any provision of this Section 5.3 to the contrary, after a Participant becomes entitled to receive benefit payments, if the total amount of the Participant's Accounts is less than twenty thousand dollars ($20,000) on a payment date, the Accounts shall be paid in a lump sum.

5.4 Commencement of Benefit Payment. Except for Hardship Withdrawals under Section 5.1(b) and Accelerated Distributions under Section 5.1(c), benefits payable in a lump sum shall be paid as soon as practicable after January 1 of the year after termination of employment. Installment benefits shall be paid annually as soon as practicable after January 1 each year.

5.5 Change of Election. Except for Early Withdrawals under Section 5.1(a), a Participant may change a previous election regarding the form of benefit payment as long as the new election is filed with the Committee at least twelve (12) full months prior to such Participant's termination of employment. Any new election regarding the form of benefit payment that is filed with the Committee during the twelve (12) months prior to the Participant's termination of employment shall be ignored and reference shall be made to the prior filed election in determining the form of benefit payment.

5.6 Tax Withholding. To the extent required by federal, state, or local law in effect at the time payments are made, the Employer shall withhold from any amount that is included in the Participant's income hereunder any taxes required to be withheld by such law(s).

5.7 Valuation and Settlement. For distributions other than Hardship Withdrawals under Section 5.1(b) and Accelerated Distributions under Section 5.1(c), the amount of a lump sum payment and the amount of installments shall be based on the value of the Participant's Accounts as of December 31 of the year prior to the year in which the lump sum or installment is due.

5.8 Payment to Guardian. The Committee may direct payment to the duly appointed guardian, conservator, or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Committee of incompetence, minority, or incapacity. Such distribution shall completely discharge the Committee from all liability with respect to such benefit.

ARTICLE VI

BENEFICIARY DESIGNATION

6.1 Beneficiary Designation. Subject to Section 6.3, each Participant shall have the right, at any time, to designate one (1) or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of such

Participant's death prior to complete distribution of the Participant's Accounts. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

6.2 Changing Beneficiary. Subject to Section 6.3, any Beneficiary designation, other than the Participant's spouse, may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee. The filing of a new properly completed Beneficiary designation shall cancel all Beneficiary designations previously filed.

6.3 Community Property. If the Participant resides in a community property state, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

6.4 No Beneficiary Designation. If any Participant fails to designate a Beneficiary in the manner provided in Section 6.1 and subject to Section 6.3, if the Beneficiary designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's Accounts, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Participant's spouse;

(b) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take, by right of representation, the share the parent would have taken if living; or

(c) The Participant's estate.

ARTICLE VII

ADMINISTRATION

7.1 Committee. This Plan shall be administered by the Committee. The Committee shall have the discretionary authority to interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents. The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may, from time to time, consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in this Plan.

7.4 Indemnification of Committee. The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member’s service on the Committee, except in the case of gross negligence or willful misconduct by such member or as expressly provided by statute.

ARTICLE VIII

CLAIMS PROCEDURE

8.1 Claim. The Committee shall establish rules and procedures to be followed by Participants and Beneficiaries in (a) filing claims for benefits, and (b) for furnishing and verifying proofs necessary to establish the right to benefits in accordance with this Plan, consistent with the remainder of this Article VIII. Such rules and procedures shall require that claims and proofs be made in writing and directed to the Committee.

8.2 Review of Claim. The Committee shall review all claims for benefits. Upon receipt by the Committee of such a claim, it shall determine all facts which are necessary to establish the right of the claimant to benefits under the provisions of this Plan and the amount thereof as herein provided within ninety (90) days of receipt of such claim. If prior to the expiration of the initial ninety (90) day period, the Committee determines additional time is needed to come to a determination on the claim, the Committee shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of one hundred eighty (180) days from the date the application was received.

8.3 Notice of Denial of Claim. In the event that any Participant, Beneficiary or other claimant claims to be entitled to a benefit under this Plan, and the Committee determines that

such claim should be denied, in whole or in part, the Committee shall, in writing, notify such claimant that the claim has been denied, in whole or in part, setting forth the specific reasons for such denial. Such notification shall be written in a manner reasonably expected to be understood by such claimant, shall refer to the specific sections of this Plan relied on, shall describe any additional material or information necessary for the claimant to perfect the claim, shall provide an explanation of why such material or information is necessary, and, where appropriate, shall include an explanation of how the claimant can obtain reconsideration of such denial.

8.4 Reconsideration of Denied Claim.

(a) Within sixty (60) days after receipt of the notice of the denial of a claim, such claimant or duly authorized representative may request, by mailing or delivery of such written notice to the Committee, a reconsideration by the Committee of the decision denying the claim. If the claimant or duly authorized representative fails to request such a reconsideration within such sixty (60) day period, it shall be conclusively determined for all purposes of this Plan that the denial of such claim by the Committee is correct. If such claimant or duly authorized representative requests a reconsideration within such sixty (60) day period, the claimant or duly authorized representative shall have thirty (30) days after filing a request for reconsideration to submit additional written material in support of the claim, review pertinent documents, and submit issues and comments in writing.

(b) After such reconsideration request, the Committee shall determine within sixty (60) days of receipt of the claimant's request for reconsideration whether such denial of the claim was correct and shall notify such claimant in writing of its determination. The written notice of the Committee's decision shall be in writing and shall include specific reasons for the decision, shall be written in a manner reasonably calculated to be understood by the claimant, and shall identify specific references to the pertinent Plan provisions on which the decision is based. In the event of special circumstances determined by the Committee, the time for the Committee to make a decision may be extended by an additional sixty (60) days upon written notice to the claimant prior to the commencement of the extension.

8.5 Employer to Supply Information. To enable the Committee to perform its duties, the Employer shall supply full and timely information to the Committee of all matters relating to the Retirement, Disability, death, or other cause for termination of employment of all Participants, and such other pertinent facts as the Committee may require.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment. The Committee may at any time amend this Plan by written instrument, notice of which is given to all Participants and to any Beneficiaries to whom a benefit is due. No amendment shall reduce the amount accrued in any Accounts as of the date

such notice of the amendment is given. Material changes to this Plan will be effective immediately, but must be ratified and approved at the Compensation Committee meeting immediately following the effective date of such amendment. After a Change of Control of the Company, this Plan may not be amended without the consent of at least 75% of the Participants.

9.2 Right to Terminate Plan. The Compensation Committee may at any time partially or completely terminate this Plan if, in its judgment, the tax, accounting, or other effects of the continuance of this Plan would not be in the best interests of the Employer.

(a) Partial Termination. The Compensation Committee may partially terminate this Plan by instructing the Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, this Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

(b) Complete Termination. The Compensation Committee may completely terminate this Plan by choosing not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. If such a complete termination occurs, this Plan shall cease to operate and the Employer shall pay out all Accounts. Payment shall be made in a lump sum within sixty (60) days after the Compensation Committee terminates this Plan.

(c) Termination After Change of Control. After a Change of Control of the Company, this Plan may not be completely or partially terminated without the consent of at least 75% of the Participants.

ARTICLE X

MISCELLANEOUS

10.1 Unfunded Plan. This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of management or highly compensated employees within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and, therefore, is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA.

10.2 Unsecured General Creditor. Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company or any other party for payment of benefits under this Plan. Any insurance contracts, mutual fund shares, stocks, bonds or other property purchased by the Company in connection with this Plan shall remain the Company’s general, unpledged, and unrestricted assets. The Company’s obligation under this Plan shall be an unfunded and unsecured promise to pay money in the future.

10.3 Trust Fund. At its discretion, the Company may establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of providing for the payment of benefits owed under this Plan. Although such a trust shall be irrevocable, its assets shall be held for payment of all the Company’s general creditors in the event of the Company’s insolvency or bankruptcy. To the extent any benefits provided under this Plan are paid from any

such trust, the Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of the Company. After the occurrence of a Change of Control, the Company will deposit an amount in trust at least equal to the amount necessary to cause the trust's assets to equal the total of all Accounts under this Plan. Thereafter, the Company will make additional deposits, no less often than monthly, as required to maintain trust assets at a level at least equal the total of all Accounts under this Plan.

10.4 Nonalienability. The Committee may recognize the right of an alternate payee named in a domestic relations order to receive all or a portion of a Participant's benefit under this Plan, provided that (a) the domestic relations order would be a "qualified domestic relations order" within the meaning of Code Section 414(p) if Code Section 414(p) were applicable to this Plan; (b) the domestic relations order does not purport to give the alternate payee any right to assets of the Company or its affiliates; and (c) the domestic relations order does not purport to give the alternate payee any right to receive payments under this Plan before the Participant is eligible to receive such payments. If the domestic relations order purports to give the alternate payee a share of a benefit to which the Participant currently has a contingent or nonvested right, the alternate payee shall not be entitled to receive any payment from this Plan with respect to the benefit unless the Participant's right to the benefit becomes nonforfeitable. Except as set forth in the preceding two sentences with respect to domestic relations orders, and except as required under applicable federal, state, or local laws concerning the withholding of tax, rights to benefits payable under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge, or otherwise encumber any such supplemental benefit, whether currently or thereafter payable, shall be void.

10.5 Not a Contract of Employment. This Plan shall not constitute a contract of employment between the Employer and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge a Participant at any time.

10.6 Protective Provisions. A Participant shall cooperate with the Employer by furnishing any and all information and taking other actions as requested by the Employer in order to facilitate the administration of this Plan and the payment of benefits hereunder.

10.7 Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the state of California, except as preempted by federal law.

10.8 Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.9 Notice. Any notice required or permitted under this Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in the Employer's records.

10.10 Successors. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term “successors” as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company, and successors of any such corporation or other business entity.

INTUIT INC.

By: /s/ Jeanine M. Corr

Its: Senior Corporate Counsel

By: /s/ James E. Grenier

Its: Director — Total Rewards

Members of the Employee Benefits
Administrative Committee of Intuit Inc.
Authorized to Execute the Plan document

Exhibit 10.02

AMENDED AND RESTATED

SECURED BALLOON PAYMENT PROMISSORY NOTE

This Amended and Restated Secured Balloon Payment Promissory Note, dated as of April 18, 2002 (this "Note"), documents the amendment and restatement of the Secured Balloon Payment Bridge Loan Promissory Note, dated as of October 16, 2000, in the principal amount of $1,305,000.00, as most recently amended and extended by the Fourth Amendment to Secured Balloon Payment Bridge Loan Promissory Note, dated as of January 15, 2002 (the "Bridge Loan"). This Note reflects a $261,000.00 principal payment by Thomas A. Allanson and Marye Allanson and the amendment and restatement of the Bridge Loan into a note with a maximum term of approximately ten-years at the Long-Term Applicable Federal Rate for April 2002. The Bridge Loan is deemed cancelled upon the execution of this Note by Borrowers.

$1,044,000.00 April 18, 2002

1. Borrowers' Promise to Pay. FOR VALUE RECEIVED, the undersigned THOMAS A. ALLANSON and MARYE ALLANSON, 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 April 30, 2012 (the "Maturity Date"), the principal amount of ONE MILLION FORTY-FOUR THOUSAND AND NO/100 DOLLARS ($1,044,000.00), 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 was made for the sole and exclusive purpose of assisting Borrowers with the purchase of residential real property located at ________________ , San Diego County, California (the "Property"). Borrowers acknowledge that the benefits of this loan are not transferable.

3. Payments of Principal and Interest. This Note shall accrue interest from April 18, 2002 on the principal balance outstanding from time to time at the rate of five and fifty-four hundredths percent (5.54%) per annum, compounded annually, until paid in full. Borrowers shall pay to the Note holder, on September 30, 2002 and on each anniversary of such date, an amount equal to all interest then accrued and unpaid. Subject to the terms of Paragraphs 6 and 7 below, 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. 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 deed of trust dated October 16, 2000 (the "Deed of Trust") in favor of Intuit covering the Property, executed by Borrowers. The Deed of Trust has been recorded in the Office of the County Recorder of San Diego County, California, as Instrument 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 Thomas A. Allanson 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) thirty (30) 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.

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 on 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. 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/ Thomas A. Allanson	/s/ Marye Allanson
THOMAS A. ALLANSON	MARYE ALLANSON