

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended **July 31, 2003** or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

77-0034661
(IRS Employer Identification No.)

2535 Garcia Avenue, Mountain View, CA 94043
(Address of principal executive offices, including zip code)

(650) 944-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Securities registered pursuant to Section 12(g) of the Act:

None
Common Stock, \$0.01 par value
Preferred Stock Purchase Rights

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the outstanding common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based on the closing price of \$44.10) was \$8.3 billion. There were 198,876,357 shares of voting common stock with a par value of \$0.01 outstanding at August 31, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its Annual Meeting of Stockholders to be held on October 30, 2003 are incorporated by reference in Part III of this report on Form 10-K.

TABLE OF CONTENTS

PART I

ITEM 1 BUSINESS

ITEM 2 PROPERTIES

ITEM 3 LEGAL PROCEEDINGS

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

ITEM 4A EXECUTIVE OFFICERS OF THE REGISTRANT

PART II

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

ITEM 6 SELECTED FINANCIAL DATA

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

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF OPERATIONS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Schedule II

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

ITEM 9A CONTROLS AND PROCEDURES

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11 EXECUTIVE COMPENSATION

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

SIGNATURES

EXHIBIT 10.01

EXHIBIT 10.03

EXHIBIT 10.05

EXHIBIT 10.20

EXHIBIT 10.21

EXHIBIT 10.38

EXHIBIT 10.39

EXHIBIT 10.40

EXHIBIT 10.41

EXHIBIT 10.44

EXHIBIT 10.45

EXHIBIT 10.46

EXHIBIT 10.51

EXHIBIT 10.52

EXHIBIT 10.57

EXHIBIT 14.01

EXHIBIT 21.01

EXHIBIT 23.01

EXHIBIT 31.01

EXHIBIT 31.02

EXHIBIT 32.01

EXHIBIT 32.02

FISCAL 2003 FORM 10-K
INTUIT INC.

INDEX

Item	Page
PART I	
ITEM 1: Business	3
ITEM 2: Properties	17
ITEM 3: Legal Proceedings	18
ITEM 4: Submission of Matters to a Vote of Security Holders	18
ITEM 4A: Executive Officers of the Registrant	19
PART II	
ITEM 5: Market for Registrant's Common Equity and Related Stockholder Matters	22
ITEM 6: Selected Financial Data	23
ITEM 7: Management's Discussion and Analysis of Financial Condition and Results of Operations	25
ITEM 7A: Quantitative and Qualitative Disclosures About Market Risk	52
ITEM 8: Financial Statements and Supplementary Data	53
ITEM 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	95
ITEM 9A: Controls and Procedures	95
PART III	
ITEM 10: Directors and Executive Officers of the Registrant	95
ITEM 11: Executive Compensation	95
ITEM 12: Security Ownership of Certain Beneficial Owners and Management	95
ITEM 13: Certain Relationships and Related Transactions	95
ITEM 14: Principal Accountant Fees and Services	95
PART IV	
ITEM 15: Exhibits, Financial Statement Schedules and Reports on Form 8-K	96
Signatures	100

Intuit, the Intuit logo, QuickBooks, Quicken, TurboTax, ProSeries, Lacerte, QuickBase, FundWare and Track-It!, among others, are registered trademarks and/or registered service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Intuit MasterBuilder, MRI and Intuit Eclipse, among others, are trademarks and/or service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Other parties' marks are the property of their respective owners and should be treated as such.

[Table of Contents](#)

PART I
ITEM 1
BUSINESS

CORPORATE BACKGROUND

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

We electronically file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all other reports, and amendments to these reports, required of public companies with the SEC. The public may read and copy the materials we file with the SEC at the SEC’s Public Reference Room at 450 Fifth Street NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Through a link to the SEC Web site, we make available free of charge on our corporate Web site all of the reports we file with the SEC as soon as reasonably practicable after the reports are filed.

Additional copies of Intuit’s fiscal 2003 Form 10-K may be obtained without charge by contacting Investor Relations, Intuit Inc., P.O. Box 7850, Mountain View, California 94039-7850 or by calling (650) 944-6000.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Throughout this Report, we make forward-looking statements that are based on our current expectations, estimates and projections about our business and our industry, and that reflect our beliefs and assumptions based on information available to us at the date of this Report. Many of these statements are located in the sections entitled “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, you can identify these statements by words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” and other similar terms. These forward-looking statements include, among other things, projections of our future financial performance, our anticipated growth, the strategies and trends we anticipate in our businesses and the customer segments in which we operate and the competitive nature and anticipated growth of those segments.

We caution investors that forward-looking statements are only predictions, based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements. Some of the important factors that could impact our future operating results and could cause our results to differ are discussed in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.” We encourage you to read that section carefully. You should carefully consider those risks, in addition to the other information in this Report and in our other filings with the SEC, before deciding to invest in our stock or to maintain or change your investment. We caution investors not to rely on these forward-looking statements, which reflect management’s analysis only as of the date of this Report. We undertake no obligation to revise or update any forward-looking statement for any reason, except as required by law.

BUSINESS OVERVIEW

Intuit’s Mission: Transforming Business and Financial Management

Our mission is to transform the way people run their businesses and manage their financial lives. Our goal is to create changes so profound and simple that customers wouldn’t dream of going back to their old ways of keeping their books, managing their businesses, preparing their taxes or organizing their personal finances. Our products and

[Table of Contents](#)

services fall into the following principal categories: QuickBooks® small business accounting and business management solutions; small business products and services that include payroll, financial supplies, technical support and information technology management solutions; TurboTax® consumer tax products and services; ProSeries® and Lacerte® professional tax products and services; Intuit-branded business management solutions designed to meet the specialized requirements of businesses in selected industries (which we call “Verticals”); and our other businesses, which consist primarily of Quicken® personal finance products and services and our Canadian business. Details about our offerings are provided in “Products and Services” below.

Company Growth Strategy

Intuit has a tradition of successful customer-driven innovation, using technology to address complex customer problems and develop solutions that make things easier. By applying strategic and operational rigor to this foundation, we believe we can accelerate our customer-driven innovation and deliver stronger revenue and profit growth.

There are four key fundamentals that support our growth strategy:

- We deliberately choose to be in businesses with large, underserved market opportunities where we believe we have the strategic and durable advantage to produce long-term profitable growth.
- We use operational rigor and process excellence methodology, tools and resources to execute more effectively on a daily basis. Our goal is higher service levels at lower cost.
- We expand our tradition of customer-driven innovation by looking for new, large customer problems and challenging conventional wisdom to create solutions for customers and profitable growth for Intuit.
- We apply strategic rigor to identify new adjacent markets and acquire companies that help us expand our leadership positions in our small business and tax businesses. Our goal is to create new growth platforms that drive faster profitable growth.

By being both disciplined and innovative, we can improve execution and deliver more — for example, by tightening development cycles, we can introduce more new products more quickly. The new products drive stronger growth and give customers a broader range of offerings to best meet their needs.

Customer-Focused Product Strategy

We strive to deliver a range of products and services that can provide a compelling customer proposition for a wide variety of customers with differing needs. In fiscal 2003, we continued to execute on that broad strategy and added key people, processes and infrastructure to our organization.

In September 2001 we announced our “Right for My Business” strategy. The primary purpose of this strategy is to address the market opportunity for businesses with up to 250 employees. Our goal is to offer the right solution for each small business in our targeted markets. Our Right for My Business strategy has two separate components. The first is focused on our QuickBooks products and related small business products and services. The second is focused on our Vertical Business Management Solutions products and services.

Here are the key elements of the QuickBooks and small business component of our Right for My Business strategy:

- We have been expanding our QuickBooks product line to offer easy-to-use, industry-specific versions of QuickBooks, which we call “flavors.” These products include QuickBooks Premier: Accountant Edition for accounting professionals and Premier and Enterprise versions of QuickBooks for contractors and healthcare providers.

Table of Contents

- We are also offering versions of QuickBooks designed for bigger, more complex businesses — including QuickBooks Premier for small businesses needing more advanced accounting functionality and QuickBooks Enterprise Solutions Business Management Software for businesses with up to 250 employees.
- We offer business solutions that go beyond accounting software to address a wider range of business management challenges that small businesses face. For example, we offer QuickBooks Point of Sale, an add-on product for retail businesses. We also offer a broad range of payroll services and financial supplies, as well as software solutions that help businesses manage their information technology resources and assets. In the first quarter of fiscal 2004, we announced QuickBooks Customer Manager, a stand-alone desktop software package that works with or independently of QuickBooks. This new product is designed to provide small businesses with integrated tools to manage their customer relationships.
- We continue to expand the Intuit Developer Network. This initiative encourages third-party software developers to develop applications that exchange data with QuickBooks and other Intuit products by giving them limited access to application programming interfaces for certain of our software products. At the end of fiscal 2003, there were approximately 300 third-party applications available for QuickBooks and other Intuit products. These applications allow our customers to derive even more value from their Intuit software.

Under the Vertical Business Management Solutions component of our Right for My Business strategy, we provide Intuit-branded business management solutions designed to meet the specialized requirements of businesses in selected industries (which we call “Verticals”) that want more complete and customizable functionality. These currently include business solutions for the construction industry; nonprofit organizations, universities and government agencies; commercial and residential property managers; and wholesale durable goods distributors.

Multi-year customer-focused strategies are also reshaping our other businesses:

- In connection with our Consumer Tax “Right for Me” strategy, we have introduced new functionality in our TurboTax Premier desktop products to address the unique needs of investors, those planning for retirement and rental property owners.
- Under our Professional Accounting Solutions’ “Right for My Firm, Right for My Clients” strategy, in the first quarter of fiscal 2004 we announced QuickBooks Client Manager, a client management tool for professional accountants that works with or independent of QuickBooks and our Lacerte and ProSeries professional tax preparation software.
- In fiscal 2003, we introduced Quicken Premier, which offers more robust investment and tax planning tools. In the first quarter of fiscal 2004, we began offering Quicken products with improved ease of use and reduced setup and maintenance time so that customers can more readily enjoy the benefits of complete and up-to-date financial records in one place.

PRODUCTS AND SERVICES

Intuit offers products and services in six business segments: QuickBooks, Small Business Products and Services, Consumer Tax, Professional Accounting Solutions, Vertical Business Management Solutions and Other Businesses. Our primary products and services are sold mainly in the United States and are described below. For financial information about these businesses, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 11 of the financial statements. For a description of the principal risks associated with these businesses, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks that Could Affect Future Results.”

Net revenue from our QuickBooks desktop software products represented about 15% of our total net revenue in fiscal 2001, 2002 and 2003. Net revenue from our Consumer Tax products and services accounted for 25% to 27%

Table of Contents

of our total net revenue in those periods. Net revenue from our Professional Accounting Solutions products and services represented between 15% and 17% of total net revenue in fiscal 2001, 2002 and 2003. No other class of similar products or services accounted for 10% or more of total net revenue in these periods.

QuickBooks

Our QuickBooks product line brings extensive bookkeeping capabilities, as well as business management tools, to small business users in an easy-to-use design that does not require customers to be familiar with debit/credit accounting. We offer a range of products to suit the needs of different types of small businesses, including QuickBooks Basic, which provides accounting functionality suitable for smaller, less complex businesses; QuickBooks Pro, which supports up to five multiple simultaneous users; QuickBooks Premier, for small businesses needing more advanced accounting functionality; QuickBooks Enterprise Solutions Business Management Software, designed for businesses with up to 250 employees; QuickBooks Premier: Accountant Edition, for accounting professionals with multiple QuickBooks clients; QuickBooks Point of Sale, an add-on product for retail businesses; and Premier and Enterprise versions of QuickBooks that are customized for contractors, nonprofit agencies and healthcare providers. As part of our Right for My Business strategy, we expect to introduce additional versions of QuickBooks during fiscal 2004 and beyond.

Small Business Products and Services

Small Business Service Solutions. We offer a variety of technical support options to our QuickBooks customers through our Small Business Service Solutions group. These include a free self-help information section on our QuickBooks.com Web site as well as a variety of support plans that are priced based on the level of personal assistance and response time the customer requires.

Payroll. Our payroll business provides solutions to help small business owners better manage key tasks relating to their employees. Our current payroll offerings consist primarily of two solutions:

- Our QuickBooks Do-It-Yourself Payroll offers payroll tax tables, forms and electronic tax payment and filing services on a subscription basis to small businesses that prepare their own payrolls.
- Our outsourced payroll services consist of our QuickBooks Assisted Payroll Service and our Intuit Payroll Services Complete Payroll. QuickBooks Assisted Payroll Service is an online payroll service that handles the back-end aspects of payroll processing, including tax payments and filings. It is integrated with QuickBooks, which minimizes customer data entry. Our Intuit Payroll Services Complete Payroll provides traditional, full service payroll processing, tax payment and check delivery services. We offer these services with QuickBooks integration or on a standalone basis. Complete Payroll includes the business of CBS Employer Services, Inc., which we acquired in the fourth quarter of fiscal 2002. It also encompasses our former Premier Payroll Service, which we had marketed and sold jointly with Wells Fargo Bank. In February 2003, we acquired the rights to brand and market the offering directly to Premier Payroll Service customers who currently use Intuit's service.

Financial Supplies. We offer a range of financial supplies, such as paper checks, envelopes, invoices, deposit slips, stationery and business cards, designed for small businesses and individuals. We also offer tax forms, tax return presentation folders and other similar items for professional tax preparers. Our customers can personalize many products to incorporate their logos and use a variety of color, font and design options.

Small Business Online Services. Our more recent QuickBooks products offer a variety of optional business management services for an additional fee, including QuickBooks Online Billing, which allows small businesses to bill and receive customer payments electronically; QuickBooks Merchant Account Service, which enables small businesses to accept credit card payments from their customers; QuickBooks Shipping Manager, which gives small businesses access to Federal Express® shipping and tracking information that is integrated with QuickBooks; and the QuickBooks Business Mastercard®, which allows small businesses to download their credit card transactions directly into QuickBooks.

[Table of Contents](#)

Information Technology Solutions. Our Intuit Track-It! line of products and services offer businesses robust tools to track and support their information technology assets and resources. As part of our “Right for My Business” strategy, Intuit Track-It! products provide comprehensive asset management, help desk and knowledge management solutions to businesses.

Consumer Tax

Consumer Tax Preparation Offerings. Our TurboTax products and services are designed to enable individuals and small business owners to prepare their own federal and state personal and business income tax returns easily, quickly and accurately. They are designed to be easy to use, yet sophisticated enough for complex tax returns. We offer a range of customized desktop software products as well as TurboTax for the Web, an interactive tax preparation service that enables individual taxpayers to prepare their federal and state income tax returns entirely online. One of our premium offerings, TurboTax Premier, addresses the unique income tax needs of investors, those planning for retirement and rental property owners. In addition, our innovative Instant Data Entry feature enables taxpayers to import data directly into their tax returns from Form W-2s (wages), Form 1098s (mortgage interest) and Form 1099s (interest, dividends and stock transactions) from approximately 70 participating financial institutions and payroll service companies. This feature saves TurboTax users significant time and increases accuracy.

Electronic Filing Services. Through our electronic filing center, customers of our desktop and Web-based tax preparation offerings can electronically file their federal tax returns, as well as state returns in all states that support electronic filing. For the 2001 and 2002 tax years, we were the exclusive provider of online tax preparation services on the Yahoo!® Finance Tax Center, and for the 2002 tax year our online tax services were also offered through the websites of approximately 1,500 financial institutions, electronic retailers and other merchants.

Intuit Tax Freedom Project. Under the Intuit Tax Freedom Project, a philanthropic public service initiative of the Intuit Financial Freedom Foundation, we provide online federal income tax return preparation and electronic filing services at no charge to lower income and other underserved federal taxpayers. We are a member of the Free File Alliance, a consortium of private sector companies that signed a three-year agreement with the federal government in October 2002 under which a number of private sector companies, rather than the federal government, are providing Web-based federal tax preparation and filing services at no cost through voluntary public service initiatives. We donated approximately 1.3 million federal units under this program in fiscal 2003.

Professional Accounting Solutions

Professional Accounting Solutions provides software and services for accountants in public practice who serve multiple clients. In addition to solutions sold directly to accountants, Professional Accounting Solutions also takes the leading role in generating revenue from Intuit products sold or referred by accountants to their small-business clients.

ProTax. ProSeries® and Lacerte® tax preparation software products are designed for tax professionals who prepare tax returns for their individual and business clients. Customers can elect to license professional tax products for a flat fee for unlimited annual use, or use them on a “pay-per-return” basis. ProSeries and Lacerte customers can file their clients’ tax returns through Intuit’s electronic filing services. In addition, Lacerte Tax Planner helps tax professionals provide tax planning services to their clients, and ProSeries Fixed Asset Manager is a time and effort-saving system for managing asset information.

Accountant Relations. Accountant Relations is responsible for advising accountants on how Intuit solutions can help them better serve their clients, manage their practices and grow their businesses. To help familiarize accountants with Intuit products and services, Accountant Relations administers the Intuit Accountant Training Network, which provides training and information to accountants in more than 50 cities nationwide. Accountant Relations also provides a collection of subscription-based membership and communication programs, product certifications, an informational Web site and Web-based tools for accounting professionals. Additionally, Accountant Relations drives Intuit’s strategy for developing a network of accountants who recommend and promote Intuit business and financial management solutions to their small-business clients and other accountants.

Accounting Solutions. Accounting Solutions develops offerings that help accountants better serve their clients, manage their practices and grow their businesses. QuickBooks Client Manager: Accountant Edition is a new client

[Table of Contents](#)

information and task management tool designed specifically for the needs of professional accountants. It employs a single, easy-to-use interface that enables accountants to organize and use client information stored in other software programs such as Lacerte and ProSeries professional tax software and Microsoft Outlook, Microsoft Word and Microsoft Excel. QuickBooks Client Manager is a stand-alone desktop software package that works with or independently of QuickBooks. Intuit® EasyACCT® Professional Accounting Series allows accountants to create financial statements and prepare tax forms (such as W-2s and 940s) for their clients. Accounting Solutions also supports software products from other Intuit business units that are developed or adapted for use by accountants. For example, QuickBooks Financial Statement Reporter enables accountants who use QuickBooks Premier: Accountant Edition 2003 or QuickBooks Enterprise Solutions Version 3.0 to easily create a complete, professional set of financial statements.

Vertical Business Management Solutions

In fiscal 2002, we acquired four companies that enable us to provide Intuit-branded accounting and business management solutions to customers in selected industries, which we call “Verticals.” These vertical businesses sell their products primarily in the United States and on a limited basis in Canada. Reported as a single business segment, these vertical businesses include:

Business Name	Product Line	Industry
Intuit Distribution Management Solutions	Intuit Eclipse™	Wholesale durable goods
MRI Real Estate Solutions	Intuit MRI™	Commercial and residential property managers
Intuit Construction Business Solutions	Intuit MasterBuilder™	Construction
Intuit Public Sector Solutions	Intuit Fundware®	Nonprofit organizations, universities and government agencies

Other Businesses

Personal Finance

Quicken Software. Our Quicken line of desktop software products helps users organize, understand and manage their personal finances. Quicken allows customers to reconcile bank accounts, record credit card and other transactions, write checks, and track investments, mortgages and other assets and liabilities. Quicken also allows customers to flag their tax-related financial transactions and download that information into our TurboTax consumer tax software. We offer basic and deluxe versions of the product as well as Quicken Premier, which offers more robust investment and tax planning tools; Quicken Premier Home and Business, which allows customers to manage both personal and small business finances in one application; and Quicken for Mac.

Quicken.com and Other Online Services. We provide a range of online services that help consumers manage their financial lives. Quicken.com™ is our primary personal finance Web site. It enables customers to automate financial management tasks and make informed financial decisions by giving them software tools, resources and objective information about a variety of personal finance topics, including investing, mortgages, insurance, taxes, banking and retirement, in a single online destination. Customers can also purchase many Intuit products and services from the site’s electronic store. Other online services that we offer include bill payment and online banking services through the Quicken desktop product and a Quicken credit card. Quicken and/or Quicken.com customers can also link directly to third-party providers of other services, such as insurance and mortgages. In fiscal 2003, we also offered brokerage services provided by a third party under a joint brokerage services agreement. We expect that we will cease to offer this service during the first or second quarter of fiscal 2004. We do not currently charge customers a fee to access most features on Quicken.com, but we receive revenue from financial institutions and other companies that advertise and/or sell their products or services through links from Quicken.com.

Global Business

We have business operations in Canada and we also serve markets across Europe, Southeast Asia and other selected locations. We have established third-party relationships with local companies in certain countries to help us better

[Table of Contents](#)

address specific markets. In all international markets except Canada and Europe, we focus primarily on small business products.

Canada and the United Kingdom. In Canada, we offer versions of QuickBooks that we have “localized,” that is, customized to meet the unique needs of customers in that specific international location. These include Right for My Business versions of QuickBooks targeted at contractors, retail establishments, professional accountants, property managers and nonprofit organizations which we introduced during fiscal 2003; QuickTax™ consumer tax return preparation software, including Right for Me QuickTax products for investors, those who maintain home offices and taxpayers preparing for retirement, which we introduced during fiscal 2003; TaxWiz consumer tax return preparation software, which we acquired during fiscal 2003; ProFile™ Financial Application Suite professional tax preparation products; and localized versions of Quicken. In the United Kingdom, we also offer localized versions of QuickBooks and Quicken, as well as the TaxCalc™ consumer tax return product.

Other Locations. We offer localized versions of QuickBooks and Quicken products in selected European markets through local distributors and agents. We also offer localized versions of QuickBooks and Quicken products in Australia, New Zealand and Singapore through a development, marketing and distribution arrangement with Australia-based Reckon Limited.

PRODUCT DEVELOPMENT

Historically, our desktop software products have tended to have a fairly predictable, structured development cycle of about a year, with annual product releases. This trend has been changing. For our small business desktop products, we now supplement annual releases of our core QuickBooks products with periodic releases of QuickBooks products for larger or more complex businesses and for our industry-specific QuickBooks products. The development timing for our service offerings, such as outsourced payroll, is determined by business needs and regulatory requirements and the length of the development cycle depends on the scope and complexity of each particular project. Developing tax preparation software presents unique challenges because of the demanding development cycle required to accurately incorporate annual tax law and tax form changes within a rigid timetable. The product development cycles for our Vertical Business Management Solutions businesses are sometimes longer than one year for major product releases. For a description of other risks and challenges we face relating to our product development, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

During the past few years, we have devoted significant resources to developing new products and services, including QuickBooks Premier, QuickBooks Premier: Accountant Edition, QuickBooks Enterprise Solutions Business Management Software, industry-specific versions of QuickBooks, the Intuit Developer Network, TurboTax Premier, the Instant Data Entry feature of our TurboTax products and services and Quicken Premier. We supplement our internal development efforts by acquiring strategically important products and technology from third parties, or establishing other relationships that enable us to expand our offerings more rapidly. For example, during fiscal 2002 we acquired four companies that provide business management products in selected vertical industries, and we worked closely with a third-party technology provider to develop our QuickBooks Point of Sale software. In fiscal 2003 we acquired the technology assets underlying this software from the same provider. In fiscal 2003 we also acquired Blue Ocean Software, a company with a product that helps businesses manage their information technology resources and assets, and we formed a strategic alliance with a third-party database company that allows us to use their data management and synchronization package in our future research and development.

We also devote resources to improving our existing products and services. For our desktop software products, our recent development efforts have focused on creating an easier, more seamless end-to-end customer experience, as well as adding new features. For example, in fiscal 2003 our TurboTax product development team invested significant resources in improving areas of the product that customers told us weren’t easy to use or resulted in customer support contacts. We also continue to incorporate technology in our products and services to address customer concerns about privacy and security while minimizing the impact on performance and ease of use. In addition, in recent years we have developed technology that helps reduce unlicensed use of some of our desktop software products. Our QuickBooks products require registration after an initial trial period, and our professional tax return preparation products and our Canadian consumer tax products contain technology that restricts sharing of

[Table of Contents](#)

those products. We have also developed technology to unlock marketing and trial versions of many of our U.S. products, such as TurboTax MyCD.

During the past few years, we have made a number of improvements to our product development process. We team technical support and product development personnel so that we can anticipate feature usability and support issues early in the development process. In fiscal 2003, the QuickBooks product development team deployed a rigorous process to build customer requirements into the development and beta processes. QuickBooks 2003 continued to evolve during the year through a regular update and release cycle that further integrated customer suggestions. This iterative process improved product quality and reduced customer service and technical support call volume for our QuickBooks 2003 products. Other significant product development process improvements include the adoption of formal software inspections in several of our large development groups, the introduction of an enhanced software change management process to the tax software product development organizations and the institutionalization of software architecture as a discipline in all major software development groups. These changes and others, such as automating our quality assurance testing and providing electronic updates to our beta test customers, have allowed us to shorten our development cycles and launch more new products more quickly.

Our research and development expenses were \$196.1 million in fiscal 2001, \$198.5 million in fiscal 2002 and \$255.8 million in fiscal 2003. Over the next few years, we expect that we will be faced with somewhat different product development challenges than we have in the past. We will be developing more versions of more complex products than ever before. In addition, these products will offer increased ease of use, be customized for specific customer needs and feature improved integration with other Intuit products and services and with our internal information support systems. Our research and development efforts will be focused on developing new products and services to address customer needs in our more broadly defined market segments as well as adding complementary products and services to drive additional, recurring revenue from our core products. We strive to maintain a balance between relatively low-risk investments that address existing customer needs and investments in more innovative but higher-risk projects with potentially greater returns.

MARKETING, SALES AND DISTRIBUTION

Markets

During the past two years, we have expanded both the markets that we serve and the products and services that we offer in our target markets. Historically, our target markets were individuals and small businesses with less than 20 employees. We continue to serve those markets with products and services such as QuickBooks, TurboTax and Quicken. In addition to these markets, we are now targeting small businesses with up to 250 employees. We are addressing this new customer segment with a number of new products and services under the umbrella of our Right for My Business strategy. We are introducing accounting solutions to meet the specialized requirements of certain small businesses by developing industry-specific versions of QuickBooks, which we call “flavors.” We have introduced new Premier and Enterprise versions of QuickBooks for companies that, due to their larger size or complexity, have more demanding accounting needs. We have also introduced business solutions that go beyond accounting software to address a wider range of business management challenges that small businesses face.

In addition, we have acquired companies that offer robust business management solutions to a wide range of businesses in selected industries, which we call “Verticals.” We expect to continue expanding in these directions over the next several years. See “Business Overview — Customer-Focused Product Strategy” and “Products and Services,” above, for more details about our product and service offerings.

Many of the markets in which we compete are characterized by rapidly changing customer demands, continuous technological changes and improvements, shifting industry standards and frequent new product introductions by competitors. Market and industry changes can quickly render existing products and services obsolete, so our success depends on our ability to respond rapidly to these changes with new business models, updated competitive strategies, new or enhanced products and services, alternative distribution methods and other changes to the way we do business. For a description of other risks and challenges we face relating to marketing, sales and distribution, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

[Table of Contents](#)

Distribution Channels

Over the past two years we have been broadening our distribution channels to accommodate the recent expansion of the markets we serve and the range of products and services we offer. Our goal is to make our products and services available in a variety of ways so that each customer may choose the channel that best meets that customer's needs.

Direct Marketing Programs. For our core desktop software products (QuickBooks, TurboTax and Quicken), we use various types of direct marketing campaigns — including mail, email and telephone solicitations, direct-response newspaper and magazine advertising, and television and radio advertising — to generate software orders, stimulate demand and generally maintain and increase consumer awareness of our products. We also use workflow-integrated in-product messaging in several of our software products to market our other related products and services. In addition, we have recently initiated new direct marketing programs in which we ship certain software products directly to customers without charge. Customers electronically unlock and pay for the products when they are ready to use them. Direct marketing campaigns are one of the most effective ways to encourage existing customers to purchase additional products and services, including software upgrades.

Direct Sales Channel. Our direct sales efforts have historically focused on generating sales of relatively inexpensive, off-the-shelf products to existing customers through call centers. Our service offerings, such as Intuit Payroll Services Complete Payroll, as well as our more sophisticated, higher-priced software products, require a different approach to direct sales than our traditional desktop software. As we have expanded our service offerings and introduced more high-end software products and business management solutions over the past two years, we have been enhancing our direct sales capabilities to support revenue growth in these new areas, as well as in our core desktop software. We are investing in technology to consolidate and improve our management of customer contact data and order management tools across business divisions and we are training our customer service personnel in consultative selling techniques. We have expanded our direct sales staff and broadened its role to include more extensive and personalized contact with existing and potential customers. In addition, the products and services we offer through our Vertical Business Management Solutions segment are sold primarily through direct sales organizations. As a result of all of these factors, we expect that direct sales will become an increasingly important source of revenue and will increase our selling and marketing expenses over the next few years.

Many of our direct customers choose to order and/or take delivery of products electronically through our Web sites. Electronic ordering and delivery are generally more convenient for customers and more cost-efficient for Intuit. Electronic delivery is available for most of our tax preparation products and for all product updates for our tax preparation products.

Retail Distribution Channel. We market our QuickBooks, TurboTax and Quicken desktop software at retail in North America primarily through traditional retail software outlets, computer superstores, office supply superstores, food and drug retailers, warehouse clubs and general mass merchandisers. In international markets, we also rely on distributors, value-added resellers and other third parties, who sell products into the retail channel. We will continue to evaluate new retail distribution channels as appropriate for reaching our customers in the future.

We continue to benefit from strong relationships with a number of major North American retailers, which allows us to minimize our dependence on any specific retailer. We now ship most of our products directly to the individual store locations of these major retailers and use distributors only to reach smaller retailers. See “Manufacturing and Distribution.” We continue to aggressively manage our inventory to optimize in-stock presence and ensure good product placement within retail stores. In response to current retail trends, we are also placing a greater proportion of inventory with retailers on a consignment basis. See “Competition” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

As we execute on our Right for My Business strategy, we are starting to offer software products that are more complex and have higher prices than our traditional retail software products. Our recent tailoring of some of these software products to specific customer needs, including industry-specific versions of QuickBooks, is also resulting in a greater number of Intuit products. We produce and place in-store displays and other retail merchandising aids

[Table of Contents](#)

that educate customers about product functionality and benefits. However, we continue to evaluate whether the retail channel will be an effective distribution model for some of these higher-end offerings. See “Competition” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

OEM Channel. We have existing relationships with a number of personal computer “original equipment manufacturers,” or OEMs, including Apple Computer Inc., Dell Computer Corporation, Gateway Inc. and Hewlett-Packard, which enable us to generate sales of our core desktop software products in two ways. First, certain OEMs “pre-bundle” new-user versions of certain desktop software products on the computer systems that the OEMs sell to their customers. These pre-bundled OEM sales are a good source of new customers and future revenues. The second source of revenue from the OEM channel is “after-market” programs, in which customers who are purchasing computers can select and purchase software products at the same time.

Third-Party “Value-Added” Distribution Arrangements. As we execute on our Right for My Business strategy, we are supplementing our direct sales capabilities and our retail and OEM distribution relationships with selected third-party distribution arrangements. We believe these relationships will enhance the growth opportunities for our higher-end product and service offerings by allowing us to benefit from the value-added marketing and sales expertise of these third parties. We currently have arrangements with third parties who have specialized expertise in marketing, selling and providing post-sale implementation services for some of our Vertical Business Management Solutions businesses. During fiscal 2004 and beyond, we expect to continue to optimize and support our network of third-party relationships to help increase revenue for some of our existing higher-end products and services, as well as for additional products and services we anticipate offering as we execute our Right for My Business strategy.

COMPETITION

Overview

We face intense competition in almost all of our businesses, both domestically and globally. Competitive interest and expertise in many of the markets we serve, particularly small business and consumer tax, has grown markedly over the past few years and we expect this trend to continue. Some of our existing competitors have significantly greater financial, technical and marketing resources than we do. As we implement our customer-focused strategies, we face increased competitive threats from larger companies in more diverse markets than we have historically faced. In addition, the competitive landscape can shift rapidly as new companies enter markets in which we compete. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

For our QuickBooks, TurboTax and Quicken desktop software, we believe the most important competitive factors are product features, ease of use, size of the installed customer base, brand name recognition, price, product and support quality and access to distribution channels. We believe we compete effectively on these factors as our three principal desktop software products are the leading products in the retail sales channel for their respective categories. For most of our products and services other than desktop software, we believe the most important competitive factors are features and ease of use, brand name recognition, speed in getting new products and services to market, the ability to distribute them effectively (through online methods or through retailers, third party resellers and direct distribution) and quality of implementation and support. For our service offerings such as outsourced payroll, service reliability and scalability of operations are also important factors. We believe we compete effectively on these factors.

Our most obvious competition comes from other companies that offer technology solutions similar to ours. These competitors are described below. However, for many of our products and services, other important competitive alternatives for customers are manual tools and processes, or general-purpose software. Many of our new customers have used pencil and paper or software such as word processors and spreadsheets, rather than competitors’ software and services, to perform financial tasks. For example, many taxpayers prepared their tax returns manually before using TurboTax; a large number of small businesses used spreadsheets to keep their books and they processed their payroll using spreadsheets and manually-written checks before purchasing QuickBooks; and most of our personal finance customers tracked their finances with spreadsheets, manually or not at all before using Quicken.

[Table of Contents](#)

QuickBooks and Small Business Products and Services

Competitors for our small business accounting and business management offerings include companies such as Best/Peachtree Software (which is owned by The Sage Group PLC), Microsoft Corporation, and MYOB Group. Microsoft has several small business offerings that compete with our small business offerings, including Microsoft Business Solutions Small Business Manager, Microsoft Business Solutions CRM and Business Contact Manager for Microsoft Office Outlook® 2003. We expect that Microsoft small business offerings will continue to compete with our small business offerings, perhaps even more directly in the future. As we expand the depth and breadth of our small business offerings, we face competition from companies that are already offering industry-specific small business solutions and business management tools and services for larger small businesses. In addition to established competitors, other potential competitors have expressed significant interest in providing accounting and other products and services to small businesses.

Our payroll services compete directly with traditional payroll service providers as well as Web-based service providers. Significant competitive factors include distribution channels and a highly fragmented market, including financial institutions that are developing or promoting their own payroll services. We face direct competition in our Intuit Payroll Services Complete Payroll business from traditional payroll services offered by a number of companies, including ADP and Paychex, as well as hundreds of regional and local companies. Our QuickBooks Assisted Payroll service competes directly with companies offering Web-based payroll services, and indirectly with companies offering other payroll solutions. Various companies also offer tax table subscription and electronic filing services similar to our QuickBooks Do-it-Yourself Payroll offering.

Our financial supplies business competes with a number of business forms companies, including New England Business Service and Deluxe Business Systems, as well as with printing services offered by franchises such as Kinko's and large office supply retailers such as Office Depot and Staples. Other competitors include direct mail check printers, banks and a number of smaller-scale Internet-based printing companies. In addition, our QuickBooks products include some features (such as customizable invoicing and 1099 tax form printing) that compete with our supplies products. Online bill payment services and online payroll services with direct deposit capabilities also offer competitive alternatives to printed checks. Significant competitive factors for the supplies business include ordering convenience, methods of reaching customers, product quality, speed of delivery and price. We believe that our convenient access to our large QuickBooks and Quicken customer bases is a significant competitive advantage for our financial supplies business.

Consumer Tax

Competition in the consumer tax preparation market is intense. Our major domestic competitor for both desktop and Web-based consumer tax software continues to be H&R Block, the makers of TaxCut software. In addition, a number of smaller competitors have entered the online consumer tax preparation market segment, and other larger competitors may enter both the desktop and Web-based consumer tax market segments in the future. Our consumer tax products and services also compete for customers with professional tax preparers, particularly those with franchise operations and including those who use our professional tax return preparation software.

We also face potential competitive challenges from publicly funded government entities that offer electronic tax preparation and filing services at no cost to individual taxpayers. The federal government signed a three-year agreement with the Free File Alliance in October 2002 under which a number of private sector companies, rather than the federal government, are providing Web-based federal tax preparation and filing services at no cost through voluntary public service initiatives such as our Intuit Tax Freedom Project. As a member of the Free File Alliance, we continue to actively work with others in the public sector to advance the goals of the Free File Alliance program and to support a successful public-private partnership. However, future administrative, regulatory or legislative activity in this area could adversely affect us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results."

Professional Accounting Solutions

The professional accounting solutions and tax preparation software market segment has many competitors. Our largest competitors in the United States are CCH Incorporated, with its ProSystem fx product line; Kleinrock

[Table of Contents](#)

Publishing, with its ATX product line; and the Thomson Corporation, with its Creative Solutions and GoSystem offerings. We also have many smaller competitors in this market segment. The professional tax market has been highly fragmented in the past, but it has experienced some consolidation in recent years.

Vertical Business Management Solutions

All of our Vertical Business Management Solutions businesses operate in highly competitive and fragmented environments where no competitor has a significant share of the market segment. We may experience pricing pressure in these market segments because we compete with many small companies, who have fewer resources than larger companies and are therefore more likely to focus on near-term sales. In each of these market segments, the possibility exists that through either consolidation within the market segment or the entry into the market segment of new companies a significant competitor will emerge.

Other Businesses

In desktop personal finance software, the Microsoft Money product is our primary domestic competition. We also face competition from Web-based personal finance tracking and management tools that are available at no cost to consumers through financial institutions and others. There are many competitors for our other personal finance products and services. Some portal Web sites and financial institutions also provide offerings such as Web-based bill presentment and payment services that compete with services we offer.

In Canada, we face competition from a number of companies in the small business arena, including Computer Associates International, Inc. and Microsoft Corporation. Competitors for our Canadian consumer tax business include online consumer tax products from a number of companies including Ufile as well as tax preparation services from companies such as H&R Block and Liberty Tax. The primary competitor for our professional tax business in Canada is CCH Canadian Limited. In Europe, we face competition from Bhuldata (Wiso), Microsoft and The Sage Group PLC (based in the United Kingdom) in the small business market, as well as competition from various Web-based accounting products. Our primary global competitor in the personal finance arena is Microsoft.

CUSTOMER SERVICE AND TECHNICAL SUPPORT

We provide customer service and technical support by telephone, online chat, fax, e-mail and our customer service and technical support Web sites. We have full-time and outsourced customer service and technical support staffs, which we supplement with seasonal employees and additional outsourcing during periods of peak call volumes, such as during the tax return filing season or following a major product launch.

During the past few years, we have focused on developing support capabilities that can supplement, or in some situations replace, telephone service and support. For example, customers can use our Web sites to find answers to commonly asked questions, check on the status of product orders and receive product updates electronically. Alternative service and support methods are less expensive for us and are often more efficient and effective for our customers. We have completed a number of process excellence projects in our customer service and technical support operations to improve our call capacity forecasting, develop more flexible approaches to staffing and reduce support call volumes and handling times. We have also outsourced a portion of the growth in our customer service and technical support operations to several firms located in the United States as well as to firms located outside the United States, including India and Northern Ireland. We expect to continue to outsource a portion of those operations in the future. We believe that both these process improvement and outsourcing projects are critical to our ongoing efforts to provide better service to customers at the same or lower cost.

We generally charge customers for technical support, but we do not charge for installation problems or product defect issues. We offer free self-help information through our technical support Web sites for our main product lines. Support alternatives and fees vary widely by product, from self-help to online chat to telephone support. Our customers can generally choose from a range of support options that are priced based on the level of personal assistance and response time they require. Our Vertical Business Management Solutions businesses also offer product consulting and training services.

[Table of Contents](#)

Despite our efforts to maintain continuous and reliable customer service and technical support operations, we risk losing service at any one of our customer contact centers and our redundancy systems could prove inadequate to provide backup support. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results” for additional information about our customer service and technical support operations.

MANUFACTURING AND DISTRIBUTION

Desktop Software

The major steps involved in manufacturing desktop software are duplicating CDs, printing boxes and related materials, and assembling and shipping the final products. We have a manufacturing agreement with Modus Media International, Inc. under which Modus provides substantially all outsourced manufacturing related to our retail launches of QuickBooks, TurboTax and Quicken, as well as for day-to-day retail order fulfillment after product launches. Although Modus has operations in multiple locations that can provide redundancy if necessary, we are in the process of centralizing the manufacturing for our retail products in one of their facilities which is co-located with our primary retail fulfillment vendor, Ingram Micro Logistics. We expect this arrangement to result in lower manufacturing costs and shorter manufacturing cycle times.

During fiscal 2003, we also had an in-house facility that handled the manufacturing and shipping for most direct sales orders. In the fourth quarter of fiscal 2003, we signed an agreement with Arvato Services, Inc., a subsidiary of Bertelsmann, to outsource our direct product manufacturing and distribution. We expect this arrangement to result in expanded capabilities, service improvements and lower manufacturing and distribution costs. We anticipate that the transition to Arvato will be complete by the end of October 2003.

We have multiple sources for all of our raw materials and availability has historically not been a problem for us. Over the past few years, we have taken steps to streamline our packaging and reduce our inventory and scrap costs in order to generate greater profitability in our core desktop software businesses.

Our retail product launches have become operationally more complex over the past few years. We have evolved from shipping to a few hundred distribution centers (with distributors delivering products to individual retail locations) to a “direct to storefront” model in which we ship products directly to approximately 10,000 individual retail locations. This allows us to be more responsive to the needs of our retail accounts. We have an agreement with Ingram Micro Logistics under which Ingram handles all logistics, fulfillment and similar functions for our retail sales in support of this direct to storefront initiative. During the past two years we have improved operational rigor at various points in our supply chain. As a result, we have significantly increased our on-time shipments and significantly reduced our aggregate channel inventory levels. We have also reduced our dependence on distributors or on any individual retail account. No distributor or retailer accounted for 10% or more of our total net revenue during fiscal 2001, 2002 or 2003.

Prior to major product releases, we tend to have significant levels of backlog, but at other times backlog is minimal and we normally ship products within a few days of receiving an order. Because of this fluctuation in backlog, we believe that backlog is not a reliable predictor of our future desktop software sales.

Internet-based Products and Services

Intuit’s data centers house most of the systems, networks and databases required to operate and deliver our Internet-based products and services, including QuickBooks Online Edition, QuickBooks Assisted Payroll Service, TurboTax for the Web, electronic tax filing and Quicken.com. Through our data centers, we connect customers to products and services, and we store the vast amount of data that represents the content on our Web sites. Our data centers consist of approximately 3,000 servers and 500 databases located in several sites across the United States. In an effort to reduce unavailability, or “down time,” for our Internet-based products and services, we generally follow industry-standard practices for creating a fault-tolerant environment, but we do not have complete redundancy. We also have a major initiative underway to provide back-up processing capabilities that are designed to protect us

[Table of Contents](#)

against site-related disasters. Despite our efforts to maintain continuous and reliable server operations, we occasionally experience unplanned outages or technical difficulties. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

PRIVACY AND SECURITY OF CUSTOMER INFORMATION

Customers are concerned about the privacy and security of the personal information they provide to companies. This concern applies to information they provide in connection with Internet-based products and services, as well as information they provide through more traditional methods, such as product registration cards. In addition to customer concerns, we are subject to various federal and state laws and regulations relating to privacy and security. We are also subject to laws and regulations that apply to telemarketing activities. Additional laws in both areas are likely to be passed in the future, which could result in significant limitations on the ways in which we can communicate with our customers and significantly increase our compliance costs. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

We have established guidelines and practices to help ensure that customers are aware of, and can control, how we use information about them. All publicly-accessible, Intuit-owned and operated consumer Web sites at which customer data is collected (including QuickBooks.com, TurboTax.com and Quicken.com) have been certified by TRUSTe, an independent, non-profit privacy organization that operates a Web site certification program to alleviate users’ concerns about online privacy. Each of our Web sites, as well as our software products, has a privacy statement providing notice to customers of our privacy practices, as well as providing them the opportunity to furnish instructions with respect to use of their data.

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

We believe privacy and security issues pose a significant risk to Intuit and other companies, especially companies doing business over the Internet. Although we have made significant efforts to address customer concerns through our business practices, during the past few years we have faced lawsuits and negative publicity relating to privacy issues. Our response to these allegations has been that we do not share any personally identifiable information except as disclosed in our privacy policies. A major breach of customer privacy or security, even by another company, could have serious consequences for our businesses. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results” and “Legal Proceedings.”

GOVERNMENT REGULATION

We offer certain products and services, such as our payroll offerings, which are subject to special regulatory requirements. As we expand our small business offerings, we may become subject to additional government regulation, particularly in the areas of retirement planning and other employer services. We continually analyze new business opportunities, and new businesses that we pursue may require additional costs for regulatory compliance.

Current government regulation poses a number of risks to us, including potential liability to customers and/or penalties and sanctions by government regulators. Future regulation could hamper the growth of our businesses. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

INTELLECTUAL PROPERTY

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

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

We face a number of risks relating to our intellectual property, including persistent piracy of our desktop software products through unauthorized use and copying. Although we continue to evaluate technology solutions to piracy, as well as increase our civil and criminal enforcements efforts, we expect piracy to be a persistent problem. We also face the risk of third parties claiming that our products or services infringe their intellectual property rights, and we face risks to the value of our brands when we grant trademark licenses to third parties. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risks That Could Affect Future Results.”

EMPLOYEES

As of August 31, 2003, we had approximately 6,700 employees located primarily in the United States, Canada and the United Kingdom. We believe our future success and growth will depend on our ability to attract and retain qualified employees in all areas of our business. We do not currently have any collective bargaining agreements with our employees, and we believe employee relations are generally good. Although we have employment-related agreements with a number of key employees, these agreements do not guarantee continued service. We believe we offer competitive compensation and a good working environment. We were selected as one of *Fortune* magazine’s “100 Best Companies to Work For” in April 2002 and 2003. However, we face intense competition for qualified employees, and we expect to face continuing challenges in recruiting and retention.

ITEM 2 PROPERTIES

Our principal offices and corporate headquarters are located in Mountain View, California. Our Mountain View facilities consist of approximately 485,000 square feet under leases that have expiration dates ranging from 2003 to 2015 with two five-year renewal options on about 420,000 of those square feet. We maintain a number of leased facilities in San Diego, California, consisting of approximately 390,000 square feet. We use these facilities for general office space, a data center and a manufacturing and distribution center. The San Diego leases have expiration dates ranging from 2003 through 2007 and renewal options on about 325,000 of the total square feet that range from two one-year options to two five-year options. We lease approximately 190,000 square feet in Tucson, Arizona, where our primary customer call center is located, under leases that have expiration dates ranging from 2004 to 2009 and six six-month renewal options. In Plano, Texas we lease approximately 165,000 square feet of space under a lease that expires in 2011 with two five-year renewal options. Our Professional Accounting Solutions group is headquartered in Plano, and we also have a data center there. In Reno, Nevada, the headquarters for our payroll business, we lease approximately 140,000 square feet under leases that have expiration dates ranging from 2003 to 2009 and two five-year renewal options. Our four Vertical Business Management Solutions businesses lease their principal facilities in Santa Rosa, California; Denver, Colorado; Boulder, Colorado; Shelton, Connecticut; West Yarmouth, Massachusetts; and Beachwood, Ohio. They also lease sales and service offices throughout the United States and in selected international locations. We lease or own facilities in a number of other domestic locations and in Canada and the United Kingdom. We believe our facilities are adequate for our current and near-term needs, and that we will be able to locate additional facilities as needed. See Note 13 of the financial statements for more information about our lease commitments.

[Table of Contents](#)

ITEM 3 LEGAL PROCEEDINGS

On March 3, 2000, a class action lawsuit, *Bruce v. Intuit Inc.*, was filed in the United States District Court, Central District of California, Eastern Division. Two virtually identical lawsuits were later filed: *Rubin v. Intuit Inc.*, was filed on March 8, 2000 in the United States District Court, Southern District of New York and *Newby v. Intuit Inc.* was filed on April 27, 2000, in the United States District Court, Central District of California, Eastern Division. The *Rubin* case was dismissed on November 19, 2001. 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, Central District 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. On January 6, 2003, a settlement between Intuit and the plaintiffs' counsel in all of the remaining cases was preliminarily approved by the federal court with a final approval hearing scheduled for June 2003. The settlement was approved by the federal court in June 2003 and this and a related litigation in state court have been dismissed. The settlement terms are not material to Intuit.

Leonard Knable et al. v. Intuit Inc. was filed in Los Angeles County Superior Court on February 24, 2003. The lawsuit alleges various claims for unfair practices and deceptive and misleading advertising, fraud and deceit and product liability, on behalf of a purported class. The allegations are based on the design and operation of the product activation feature in Intuit's *TurboTax 2002* for Windows desktop software and Intuit's representations and disclosures about product activation. The complaint seeks disgorgement of revenue from the sale of the product, compensatory and punitive damages, injunctive relief and attorneys' fees and costs. Discovery has been served by all parties. Intuit has filed a motion to dismiss the causes of action in the complaint. Discovery is stayed pending the court's decision on this motion.

On September 17, 2003, *Muriel Siebert & Co., Inc. v. Intuit Inc.* was filed in the Supreme Court of the State of New York, County of New York. The lawsuit alleges various claims for breach of contract, breach of express and implied covenants of good faith and fair dealing, breach of fiduciary duty, misrepresentation and/or fraud, and promissory estoppel. The allegations relate to *Quicken Brokerage* powered by *Siebert*, a strategic alliance between the two companies. The complaint seeks compensatory, punitive, and other damages. Intuit has not been served with the complaint. Intuit believes this lawsuit is without merit and intends to defend the litigation vigorously.

Intuit is subject to certain routine 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 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

[Table of Contents](#)

**ITEM 4A
EXECUTIVE OFFICERS OF THE REGISTRANT**

The following table shows Intuit's executive officers as of September 1, 2003 and their areas of responsibility. Their biographies follow the table.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Stephen M. Bennett	49	President, Chief Executive Officer and Director
William V. Campbell	63	Chairman of the Board of Directors
Scott D. Cook	51	Chairman of the Executive Committee of the Board of Directors
Lorrie M. Norrington	43	Executive Vice President, Office of the Chief Executive Officer
Dennis Adsit	44	Senior Vice President, Operations
Thomas A. Allanson	45	Senior Vice President, Consumer Tax Group
Robert B. Henske	42	Senior Vice President and Chief Financial Officer
Richard William Ihrle	53	Senior Vice President and Chief Technology Officer
Daniel J. Levin	39	Senior Vice President, QuickBooks Group
Daniel L. Manack	45	Senior Vice President, Professional Accounting Solutions
Nicholas J. Spaeth	53	Senior Vice President, General Counsel and Secretary
Raymond G. Stern	42	Senior Vice President, Corporate Development and Strategy
Caroline F. Donahue	42	Vice President, Sales
Dorothy D. Hayes	52	Vice President, Corporate Controller and Finance Operations
Jill A. Ward	43	Vice President, Vertical Business Management Solutions

Mr. Bennett has been President and Chief Executive Officer and a member of the Board of Directors since January 2000. Prior to joining Intuit, Mr. Bennett spent 23 years with General Electric Corporation. From December 1999 to January 2000, Mr. Bennett was an Executive Vice President and a member of the board of directors of GE Capital, the financial services subsidiary of General Electric Corporation. From July 1999 to November 1999, he was President and Chief Executive Officer of GE Capital e-Business, and he was President and Chief Executive Officer of GE Capital Vendor Financial Services from April 1996 through June 1999. He holds a Bachelor of Arts degree in Finance and Real Estate from the University of Wisconsin.

Mr. Campbell has been an Intuit director since May 1994. He has served as Chairman of the Board since August 1998 and was Acting Chief Executive Officer from September 1999 until January 2000. He also served as Intuit's President and Chief Executive Officer from April 1994 through July 1998. Mr. Campbell also serves on the board of directors of Apple Computer, Inc. and Opware, Inc. (a provider of Internet infrastructure services). Mr. Campbell holds both a Bachelor of Arts degree in Economics and a Masters degree from Columbia University, where he has been appointed to the Board of Trustees.

Mr. Cook, a founder of Intuit, has been an Intuit director since March 1984 and is currently Chairman of the Executive Committee of the Board. He served as Intuit's Chairman of the Board from February 1993 through July 1998. From April 1984 to April 1994, he served as Intuit's President and Chief Executive Officer. Mr. Cook also serves on the board of directors of eBay Inc. and The Procter & Gamble Company and is on the board of visitors of the Harvard Business School Foundation. Mr. Cook holds a Bachelor of Arts degree in Economics and Mathematics from the University of Southern California and a Masters degree in Business Administration from Harvard Business School.

Ms. Norrington has been Executive Vice President, Office of the Chief Executive Officer, since June 3, 2003. She served as Executive Vice President, Small Business and Personal Finance from January 2002 until June 2003. She joined Intuit in July 2001 as Senior Vice President, Small Business Division. Prior to joining Intuit, Ms. Norrington served as an officer of General Electric Corporation and held a variety of senior business positions, including President and Chief Executive Officer of GE Fanuc Automation from April 2000 to July 2001, President and Chief Executive Officer of General Electric's Commercial Shopping Network from November 1999 to April 2000, and General Manager, Components Operation from January 1998 through November 1999. Ms. Norrington holds a

[Table of Contents](#)

Bachelor of Science degree in Finance and Marketing from the University of Maryland and a Masters degree in Business Administration from Harvard Business School.

Mr. Adsit has been Senior Vice President, Operations since August 2002. He served as Vice President, Call Centers and Process Excellence of Intuit from May 2001 to August 2002. Mr. Adsit joined Intuit in July 2000 as Vice President, Process Excellence. Prior to joining Intuit, he was Senior Vice President, Six Sigma Practice Leader, at Rath and Strong, a division of AON Corporation (a risk management company), from April 1999 to June 2000. From June 1995 to April 1999, he also held Principal and Vice President positions in the Leadership & Organizational Effectiveness Practice at Rath and Strong Management Consultants. Mr. Adsit is a member of the Executive Advisory Panel for the Academy of Management's Publication Executive. He holds a Bachelor of Science degree in Mathematics and Psychology from Bowling Green State University and a Masters and Ph.D. in Industrial and Organizational Psychology from the University of Minnesota.

Mr. Allanson has been Senior Vice President, Consumer Tax Group since April 2002. Prior to that he was Senior Vice President, Tax Division from April 2001 until April 2002. He joined Intuit in September 2000 as Vice President of Tax Strategy. Prior to joining Intuit, he was with General Electric Corporation from February 1993 through August 2000, serving as President of GE Capital Colonial Pacific Leasing from October 1998 to August 2000 and as Sales Effectiveness Leader and General Manager from September 1997 to October 1998. Mr. Allanson holds a Bachelor of Science degree in Mechanical Engineering from Auburn University.

Mr. Henske has served as Senior Vice President and Chief Financial Officer of Intuit since January 2003. He served as Senior Vice President and Chief Financial Officer of Synopsys, Inc., a supplier of electronic design automation software, from May 2000 until January 2003. From January 1997 to December 1999, Mr. Henske was at Oak Hill Capital Management, a Robert M. Bass Group private equity investment firm, where he was a partner. Mr. Henske holds a Bachelor of Science degree in Chemical Engineering from Rice University and an MBA in finance and strategic management from The Wharton School, University of Pennsylvania.

Mr. Ihrie has been Senior Vice President and Chief Technology Officer since joining Intuit in November 2000. He was Acting Chief Information Officer from January 2001 to August 2001. Prior to joining Intuit, Mr. Ihrie served as Senior Vice President of Technology for ADP Claims Solutions Group (an automated information company) from July 1996 to October 2000. Mr. Ihrie holds Bachelor of Science degrees in Mathematics and Management from Massachusetts Institute of Technology and a Master of Arts in Computer Science from the University of California, Berkeley.

Mr. Levin has been Senior Vice President, QuickBooks Group, since June 3, 2003. He joined Intuit Inc. in January of 2001 as Vice President of QuickBooks Financial Solutions. Prior to joining Intuit, Mr. Levin served as Senior Vice President of Corporate Development and Chief Technology Officer of ReplayTV, Inc., a provider of personal television technology and systems, from December 1999 to December 2000, and as Vice President of Engineering from December 1998 to December 1999. From September 1998 to November 1998 Mr. Levin served as Vice President of Business Development of Bitcraft, a developer of personal computer software. Mr. Levin earned his Bachelor of Arts degree, with an independent concentration in computer graphics, from Princeton University.

Mr. Manack has been Senior Vice President, Professional Accounting Solutions since April 2002. Prior to that he was Vice President, Professional Products Group from January 2002 until April 2002. Before joining Intuit, Mr. Manack served as Senior Vice President of E-Markets Group Operations at Peregrine Systems, Inc. (an infrastructure management software company) 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 Peregrine 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, and Senior Vice President of World Professional Services from February 1998 to February 1999. Mr. Manack holds a Bachelor of Science degree in Industrial Engineering from West Virginia University and a Masters in Business Administration from the University of Dallas.

Mr. Spaeth joined Intuit in August 2003 as Senior Vice President, General Counsel and Secretary. Prior to joining Intuit, he was Senior Vice President, General Counsel and Secretary, GE Employers Reinsurance Corporation, from September 2000 until August 2003, where he also served as a member of the boards of directors of Employers

[Table of Contents](#)

Reinsurance Corporation and all of its major affiliates. From March 1998 until September 2000, he was a partner at Cooley Godward LLP, and from September 1997 until March 1998, he was a partner at Oppenheimer Wolff & Donnelly LLP. Mr. Spaeth holds a Bachelor of Arts degree in English from Stanford University, a Masters in Politics, Philosophy and Economics from Oxford University, and a Juris Doctor from Stanford Law School.

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

Ms. Donahue has been Vice President, Sales since September 1997. She joined Intuit as Director of Sales in May 1995. Prior to joining Intuit, Ms. Donahue served as Director of Sales at Knowledge Adventure (an educational software company), and she worked in various sales and channel management positions at Apple Computer and Next, Inc. Ms. Donahue holds a Bachelor of Arts degree from Northwestern University. In August 2003, Ms. Donahue announced her plans to retire from Intuit after the calendar 2003 tax season.

Ms. Hayes joined Intuit in April 2003 as Vice President, Corporate Controller and Finance Operations. Prior to joining Intuit, she served as Vice President and Controller at Agilent Technologies, Inc., a technology company serving the communications, electronics, life sciences and chemical analysis industries, from August 1999 to April 2003. From May 1989 until Agilent Technologies separated from Hewlett-Packard Company in 1999, Ms. Hayes served Hewlett-Packard in several finance positions, including as Transition General Manager from March 1999 to July 1999, and as Director of Internal Audit from July 1997 to June 1999. Ms. Hayes holds Bachelor of Arts in Education and Master of Science in Business Administration with Accounting Concentration degrees from the University of Massachusetts at Amherst, and a Master of Science in Finance degree from Bentley College.

Ms. Ward has been Vice President, Vertical Business Management Solutions since June 2003. She joined Intuit as Vice President and General Manager of QuickBase in September 2001. Prior to joining Intuit, Ms. Ward served as President of Telespectrum Customer Care, a customer relationship management outsourcing business, from July 1999 to February 2001, and from September 1997 until it was acquired by Telespectrum in July 1999, she served as President of International Data Response Corporation Customer Care. Ms. Ward holds a Bachelor of Arts degree from Wellesley College and a Masters in Business Administration from the Amos Tuck School at Dartmouth.

[Table of Contents](#)

PART II

ITEM 5

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information for Common Stock

Intuit's common stock is quoted on the Nasdaq Stock Market under the symbol "INTU." The following table shows the range of high and low sale prices reported on the Nasdaq Stock Market for the periods indicated. On August 29, 2003, the closing price of Intuit's common stock was \$45.51.

	High	Low
Fiscal year ended July 31, 2002		
First quarter	\$43.73	\$28.54
Second quarter	47.05	36.95
Third quarter	41.81	34.52
Fourth quarter	50.13	36.85
Fiscal year ended July 31, 2003		
First quarter	\$53.48	\$38.86
Second quarter	55.04	43.29
Third quarter	51.50	33.30
Fourth quarter	49.18	38.10

Stockholders

As of September 2, 2003, the record date for our October 2003 Annual Meeting of Stockholders, we had about 1,100 record holders and approximately 124,000 beneficial holders of our common stock.

Dividends

Intuit has never paid any cash dividends on its common stock. From time to time we consider the advisability of paying a cash dividend. We currently anticipate that we will retain all future earnings for use in our business, and do not anticipate paying any cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

Not applicable.

[Table of Contents](#)

**ITEM 6
SELECTED FINANCIAL DATA**

The following table shows selected consolidated financial information for Intuit for the past five fiscal years. The comparability of the information is affected by a variety of factors, including acquisitions and dispositions of businesses, gains and losses related to marketable securities and other investments and acquisition-related charges. We adopted Statement of Financial Accounting Standards (“SFAS”) No. 142, “*Goodwill and Other Intangible Assets*,” on August 1, 2002 and stopped amortizing goodwill at that date. Fiscal years prior to fiscal 2003 reflect significant goodwill amortization charges.

In fiscal 2002 we sold our Quicken Loans mortgage business and in fiscal 2003 we sold our wholly owned Japanese subsidiary, Intuit KK. We accounted for the sales of these businesses as discontinued operations and, accordingly, we have reclassified the selected financial data for all periods presented to reflect Quicken Loans and Intuit KK as discontinued operations. To better understand the information in the table, investors should read “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7, and the Consolidated Financial Statements and related Notes in Item 8.

FIVE-YEAR SUMMARY

Consolidated Statement of Operations Data (In thousands, except per share amounts)	Fiscal Year				
	1999	2000	2001	2002	2003
Net revenue:					
Product	\$711,138	\$775,316	\$ 805,684	\$ 977,528	\$1,157,943
Service	46,925	114,991	216,544	273,575	423,548
Other	42,877	91,411	73,834	61,125	69,252
Total net revenue	800,940	981,718	1,096,062	1,312,228	1,650,743
Net income (loss) from continuing operations before cumulative effect of accounting change	388,788	325,691	(124,656)	53,615	263,202
Net income (loss) from discontinued operations	(2,224)	(20,030)	27,549	86,545	79,832
Cumulative effect of accounting change, net of income taxes	—	—	14,314	—	—
Net income (loss)	\$386,564	\$305,661	\$ (82,793)	\$ 140,160	\$ 343,034
Net income (loss) per common share:					
Basic net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ 2.03	\$ 1.62	\$ (0.60)	\$ 0.25	\$ 1.28
Basic net income (loss) per share from discontinued operations	(0.01)	(0.10)	0.13	0.41	0.39
Cumulative effect of accounting change	—	—	0.07	—	—
Basic net income (loss) per share	\$ 2.02	\$ 1.52	\$ (0.40)	\$ 0.66	\$ 1.67
Diluted net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ 1.94	\$ 1.54	\$ (0.60)	\$ 0.24	\$ 1.25
Diluted net income (loss) per share from discontinued operations	(0.01)	(0.09)	0.13	0.40	0.38
Cumulative effect of accounting change	—	—	0.07	—	—
Diluted net income (loss) per share	\$ 1.93	\$ 1.45	\$ (0.40)	\$ 0.64	\$ 1.63

[Table of Contents](#)

Pro Forma Data for Fiscal 2001 Change in Accounting Principle (a)	Fiscal Year				
	1999	2000	2001	2002	2003
(Unaudited)					
Pro forma net income	\$382,438	\$299,100	(a)	(a)	(a)
Pro forma diluted net income per share	\$ 1.91	\$ 1.42	(a)	(a)	(a)

- (a) This pro forma data relates to accounting for derivative instruments. We adopted SFAS 133, “Accounting for Derivative Instruments and Hedging Activities” in fiscal 2001 and recognized the cumulative effect of the change in how we accounted for options to purchase shares of S1 Corporation as of August 1, 2000. Pro forma data presents our net income and diluted net income per share for fiscal 1999 and 2000 as if we had adopted SFAS 133 at the beginning of fiscal 1999. In accordance with SFAS 133, we included unrealized gains and losses on the S1 options in our fiscal 2001 and 2002 reported results until we sold them in the first quarter of fiscal 2002. Intuit did not have any derivative instruments or engage in hedging activities prior to fiscal 1999. See Note 1 of the financial statements, “Derivative Instruments and Change in Accounting Principle.”

Consolidated Balance Sheet Data (In thousands)	July 31,				
	1999	2000	2001	2002	2003
Cash, cash equivalents and short-term investments	\$ 805,220	\$1,399,351	\$1,186,215	\$1,224,290	\$1,206,801
Marketable securities	431,176	225,878	85,307	16,791	865
Working capital	842,213	1,321,957	1,359,960	1,274,898	872,705
Total assets	2,318,455	2,726,295	2,803,479	2,928,005	2,790,267
Long-term obligations	3,555	538	12,150	32,592	29,265
Total stockholders' equity	1,561,388	2,071,289	2,161,326	2,215,639	1,964,837

[Table of Contents](#)

ITEM 7

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

NOTE: For a more complete understanding of our financial condition and results of operations, and some of the risks that could affect future results, see "Risks That Could Affect Future Results" in this Item 7. This section should also be read in conjunction with the Consolidated Financial Statements and related Notes in Item 8. As discussed below, we sold our Quicken Loans mortgage business in July 2002 and our Japanese subsidiary, Intuit KK, in February 2003 and accounted for the sales of these businesses as discontinued operations. Accordingly, we have reclassified our financial statements for all periods prior to the sales to reflect these businesses as discontinued operations. Unless otherwise noted, the following discussion pertains only to our continuing operations.

Results of Operations

The following table shows trends in our total net revenue and net income (loss) for the past three fiscal years.

(Dollars in millions)	Fiscal 2001	Fiscal 2002	Fiscal 2003	2001-2002 % Change	2002-2003 % Change
Total net revenue	\$1,096.1	\$1,312.2	\$1,650.7	20%	26%
Net income (loss)	(82.8)	140.2	343.0	NM	145%

NM is a non-meaningful comparison.

Overview

Intuit's Mission. Our mission is to transform the way people run their businesses and manage their financial lives. Our products and services fall into the following principal categories: QuickBooks® small business accounting and business management solutions; small business products and services that include payroll, financial supplies, technical support and information technology management solutions; TurboTax® consumer tax products and services; ProSeries® and Lacerte® professional tax products and services; Intuit-branded business management solutions designed to meet the specialized requirements of businesses in selected industries (which we call "Verticals"); and our other businesses, which consist primarily of Quicken® personal finance products and services and our Canadian business. See "Net Revenue" below and Note 11 of the financial statements for more information about our business segments.

Expanding Product and Service Offerings. During the last year, we have expanded the number and complexity of the products and services that we offer. Under our Right for My Business strategy, we are introducing solutions to meet the specialized requirements of certain small businesses by developing industry-specific versions of QuickBooks, which we call "flavors". We have introduced new versions of QuickBooks for companies that, due to their larger size or complexity, have more demanding accounting needs. We have also introduced business solutions that go beyond accounting software to address a wider range of business management challenges that small businesses face. In addition, we are acquiring companies that offer robust business management solutions to businesses in selected vertical industries. We expect to continue to expand in these directions over the next several years.

Evolving Distribution Channels. We have been expanding our distribution channels to accommodate the expansion of the markets we serve and the range of products and services we offer our target customers. In the retail channel, we are selling an increasing proportion of our software products directly to a variety of retailers rather than through a few major distributors. As we offer software products that are more complex and higher priced than our traditional retail software products, we expect that direct sales will become an increasingly important source of revenue and new customers. Finally, as we add products and services that are complementary to our core products, we are focusing on strengthening our cross-selling capabilities. We expect that these increased capabilities will allow us to generate additional revenue from our existing customers, particularly our small business customers.

Table of Contents

Seasonality. Our tax businesses, and to a lesser extent our small business products and services, are highly seasonal. Sales of tax preparation products and services are heavily concentrated in the period from November through April. These seasonal patterns mean that our total net revenue is usually highest during our second and third quarters ending January 31 and April 30. Since fiscal 2000, we have recognized an increasing portion of our Consumer Tax annual revenue during the third quarter compared to the second quarter, and that trend continued during fiscal 2003. We typically report losses in our first and fourth quarters ending October 31 and July 31 when revenue from our tax businesses is minimal, while operating expenses to develop new products and services continue at relatively consistent levels.

Impact of Acquisitions. Our acquisitions of businesses and assets have affected the comparability of our results. During the past three fiscal years, we have completed several acquisitions, which have affected the comparability of revenue and operating results for those years. The amortization and impairment of goodwill and other intangible assets we have acquired in connection with acquisitions has also had a significant impact on our operating results, and on the comparability of results for those years. During fiscal 2001 and 2002, we recorded amortization of goodwill and other intangible assets and other acquisition-related charges of \$247.8 million and \$181.4 million, which included impairment charges of \$78.7 million and \$22.0 million. Starting with the first quarter of fiscal 2003, we no longer amortize goodwill in accordance with Statement of Financial Accounting Standards (“SFAS”) 142, “*Goodwill and Other Intangible Assets*.” As a result, our acquisition-related charges decreased significantly during fiscal 2003, to \$33.9 million. There were no impairment charges in fiscal 2003. It is possible that in the future we may incur impairment charges related to existing goodwill, as well as to goodwill arising out of future acquisitions. At July 31, 2003, we had \$591.1 million in goodwill and \$125.4 million in intangible assets on our balance sheet. See Notes 1 and 4 of the financial statements for more information regarding our goodwill and intangible assets and the impact of impairment charges on our reported net income or loss.

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 or loss and net income or loss, as well as on the value of certain assets and liabilities 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. Senior management has discussed the development and selection of these critical accounting policies and their disclosure in this Report with the Audit Committee of our Board of Directors.

- **Net Revenue — Revenue Recognition.** Intuit derives revenues from the sale of packaged software products, product support, professional services, outsourced payroll services and multiple element arrangements that may include any combination of these items. We follow the appropriate revenue recognition rules for each type of revenue. See Note 1 of the financial statements, “*Net Revenue*.” We generally recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report. For example, for multiple element arrangements we must make assumptions and judgments in order to allocate the total price among the various elements we must deliver, to determine whether undelivered services are essential to the functionality of the delivered products and services, to determine whether vendor-specific evidence of fair value exists for each undelivered element and to determine whether and when each element has been delivered. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period. Amounts invoiced relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized as the applicable revenue recognition criteria are satisfied.
- **Net Revenue — Return and Rebate Reserves.** As part of our revenue recognition policy, we estimate future product returns and rebate payments and establish reserves against revenue at the time of sale based on these estimates. Our return policy allows distributors and retailers, subject to certain contractual limitations, to return purchased products. For product returns reserves, we consider such factors as the volume and price mix of products in the retail channel, historical return rates for prior releases of the

Table of Contents

product, trends in retailer inventory and economic trends that might impact customer demand for our products (including the competitive environment and the timing of new releases of our products). We fully reserve for obsolete products in the distribution channels.

Our rebate reserves include distributor and retailer sales incentive rebates and end-user rebates. Our estimated reserves for distributor and retailer incentive rebates are based on distributors' and retailers' actual performance against the terms and conditions of rebate programs, which we typically establish annually. Our reserves for end-user rebates are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion, the amount of redemptions received and historical redemption trends by product and by type of promotional program.

In the past, actual returns and rebates have approximated and not generally exceeded the reserves that we have established. However, actual returns and rebates in any future period are inherently uncertain. If we were to change our assumptions and estimates, our revenue reserves would change, which would impact the net revenue we report. 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.

- Allowance for Doubtful Accounts. We make ongoing assumptions relating to the 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 reserves have generally been adequate to cover our actual credit losses. However, since we cannot reliably 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.
- Goodwill, Purchased Intangible Assets and Other Long-Lived Assets — Impairment Assessments. We make judgments about the recoverability of purchased intangible assets and other long-lived assets whenever events or changes in circumstances indicate that an other-than-temporary impairment in the remaining value of the assets recorded on our balance sheet may exist. We test the impairment of goodwill annually or more frequently if indicators of impairment arise. In order to estimate the fair value of long-lived assets, we typically make various assumptions about the future prospects for the business that the asset relates to, consider market factors specific to that business and estimate future cash flows to be generated by that business. Based on these assumptions and estimates, 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 estimated fair value. Assumptions and estimates 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 assumptions and estimates we have made in the past have been reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on our balance sheet. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. At July 31, 2003, we had \$591.1 million in goodwill and \$125.4 million in intangible assets on our balance sheet.
- Accounting for Stock-Based Incentive Programs. We currently measure compensation expense for our stock-based incentive programs using the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Under this method, we do not record compensation expense when stock options are granted to eligible participants as long as the exercise price is not less than the fair market value of the stock when the option is granted. We also do not record compensation expense in connection with our Employee Stock Purchase Plan as long as the purchase price of the stock is not less than 85% of the lower of the fair market value of the stock at the

beginning of each offering period or at the end of each purchase period. In accordance with SFAS 123, "Accounting for Stock-Based Compensation," and SFAS 148, "Accounting for Stock-Based Compensation — Transition and Disclosure," we disclose our pro forma net income or loss and net income or loss per share as if the fair value-based method had been applied in measuring compensation expense for our stock-based incentive programs. We have elected to follow APB 25 because, as discussed in Note 1 of the financial statements, the fair value accounting provided for under SFAS 123 requires the use of option valuation models that were not developed for use in valuing incentive stock options and employee stock purchase plan shares.

The Financial Accounting Standards Board ("FASB") decided on April 22, 2003 to require all companies to expense the value of incentive stock options. Companies will be required to measure the cost of incentive stock options according to their fair value. The FASB has indicated that it plans to issue in the near future an exposure draft of a new accounting standard addressing this matter. This new accounting standard could become effective as early as 2004. Prior to issuance of this exposure draft, the FASB has indicated that it will be addressing several significant technical issues. A method to determine the fair value of incentive stock options must be established. Current accounting standards require the use of an option-pricing model, such as the Black-Scholes model, to determine fair value and provide guidance on adjusting some of the input factors used in the model. This valuation approach has received significant criticism and may be subject to changes that could have a significant impact on the calculated fair value of incentive stock options under the new standard. Among other things, the FASB must also determine the extent to which the new accounting standard will permit adjustments to recognized expense for actual option forfeitures and actual performance outcomes. This determination will affect the timing and amount of compensation expense recognized.

We monitor progress at the FASB and other developments with respect to the general issue of stock-based incentive compensation. In the future, should we expense the value of stock-based incentive compensation, either out of choice or due to new requirements issued by the FASB, and/or decide to alter our current employee compensation programs to provide other benefits in place of incentive stock options, we may have to recognize substantially more compensation expense in future periods that could have a material adverse impact on our results of operations.

- Income Taxes — Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance. When we prepare our consolidated financial statements, we estimate our income taxes based on the various jurisdictions where we conduct business. This requires us to estimate our current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense on our statement of operations.

Management must make significant judgments to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax asset. Our net deferred tax asset as of July 31, 2003 was \$217.9 million, net of the valuation allowance of \$7.5 million. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets (consisting primarily of certain net operating losses carried forward by our international subsidiaries and certain state capital loss carryforwards) before they expire. The valuation allowance is based on our estimates of taxable income for the jurisdictions in which we operate and the period over which our deferred tax assets will be realizable. While we have considered future taxable income in assessing the need for the valuation allowance, we could be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. An increase in the valuation allowance would have an adverse impact, which could be material, on our income tax provision and net income in the period in which we make the increase.

[Table of Contents](#)

Total Net Revenue

The table below shows total net revenue and percentage of total net revenue for each of our business segments for fiscal years 2001, 2002 and 2003. We have reclassified prior year financial information to conform to the current year presentation for comparability. See Note 11 of the financial statements for additional information about our business segments.

(Dollars in millions)	Fiscal 2001	% Total Net Revenue	Fiscal 2002	% Total Net Revenue	Fiscal 2003	% Total Net Revenue	2001-2002 % Change	2002-2003 % Change
QuickBooks								
Product	\$ 164.2		\$ 194.8		\$ 239.3			
Service	—		0.3		3.5			
Other	—		—		—			
Subtotal	164.2	15%	195.1	15%	242.8	15%	19%	24%
Small Business								
Products and Services								
Product	180.3		205.7		258.9			
Service	90.7		125.7		175.7			
Other	19.1		6.3		20.3			
Subtotal	290.1	26%	337.7	26%	454.9	27%	16%	35%
Consumer Tax								
Product	168.2		219.4		243.7			
Service	100.5		128.4		176.6			
Other	3.4		3.3		2.6			
Subtotal	272.1	25%	351.1	27%	422.9	26%	29%	20%
Professional Accounting Solutions								
Product	169.8		219.2		239.3			
Service	11.1		6.5		4.1			
Other	—		—		—			
Subtotal	180.9	17%	225.7	17%	243.4	15%	25%	8%
Vertical Business								
Management Solutions								
Product	—		8.9		35.5			
Service	—		5.3		59.1			
Other	—		—		0.2			
Subtotal	—	—	14.2	1%	94.8	6%	—	568%
Other Businesses								
Product	123.2		129.5		141.2			
Service	14.2		7.4		4.5			
Other	51.4		51.5		46.2			
Subtotal	188.8	17%	188.4	14%	191.9	11%	0%	2%
Total net revenue	\$1,096.1	100%	\$1,312.2	100%	\$1,650.7	100%	20%	26%

Table of Contents

Fiscal 2003 Compared to Fiscal 2002. Fiscal 2003 total net revenue of \$1,650.7 million represented a 26% increase over fiscal 2002 total net revenue. The increase in net revenue was primarily due to growth of 35% in our Small Business Products and Services segment, 24% in our QuickBooks segment and 20% in our Consumer Tax segment. Our Vertical Business Management Solutions segment, which is comprised primarily of companies we acquired in the fourth quarter of fiscal 2002, contributed \$94.8 million to net revenue compared to \$14.2 million in fiscal 2002. Net revenue for our Professional Accounting Solutions segment also grew 8%. Net revenue for our Other Businesses segment increased only 2%, due primarily to lack of growth in the personal finance desktop software category and continuing industry-wide slowness in spending by purchasers of Internet advertising.

Fiscal 2002 Compared to Fiscal 2001. Fiscal 2002 total net revenue of \$1,312.2 million represented an increase of 20% over fiscal 2001 total net revenue. The increase in net revenue was primarily due to growth of 29% in our Consumer Tax segment, 25% in our Professional Accounting Solutions segment, 19% in our QuickBooks segment and 16% in our Small Business Products and Services segment. Other Businesses net revenue was flat in fiscal 2002, reflecting a decrease in Internet advertising revenue and lower sales of QuickBooks due to the continuing overall decline in the personal finance desktop software category, offset by growth in Canada.

Total Net Revenue by Business Segment

The following net revenue discussion is categorized by our reportable business segments, which reflect how we manage our operations and how our chief operating decision maker views results. In fiscal 2003, we revised our reportable segments to reflect the way we currently manage and view our businesses. We determined that the QuickBooks product component of our fiscal 2002 Small Business segment was a separate reportable segment and we combined our fiscal 2002 Employer Services segment with the balance of Small Business to arrive at the fiscal 2003 segment called Small Business Products and Services. We began reporting Vertical Business Management Solutions (formerly Small Business Verticals) as a separate segment in fiscal 2003. Finally, we combined our fiscal 2002 Personal Finance and Global Business segments to arrive at the fiscal 2003 segment called Other Businesses. We have reclassified previously reported fiscal 2002 and 2001 segment results to conform to the fiscal 2003 presentation. See Note 11 of the financial statements for additional information about our reportable segments.

QuickBooks

QuickBooks product revenue is derived primarily from QuickBooks desktop software products. QuickBooks service revenue is derived from QuickBooks Online Edition.

Fiscal 2003 Compared to Fiscal 2002. QuickBooks total net revenue increased 24% in fiscal 2003 compared to fiscal 2002. The revenue increase reflected higher unit sales as well as higher average selling prices driven by the introduction of certain higher-priced QuickBooks products and a shift in revenue mix toward those products. The products include QuickBooks Premier: Accountant Edition for accounting professionals; QuickBooks Enterprise Solutions for businesses with up to 250 employees; QuickBooks Point of Sale for retail businesses; and three industry-specific versions of QuickBooks. We launched these products at the end of fiscal 2002 and during fiscal 2003 as part of our Right for My Business strategy, and they have significantly higher average selling prices than our original QuickBooks Basic and QuickBooks Pro products. We expect to introduce additional versions of QuickBooks in fiscal 2004.

Fiscal 2002 Compared to Fiscal 2001. QuickBooks total net revenue increased 19% in fiscal 2002 compared to fiscal 2001. The increase in QuickBooks product revenue reflected higher average selling prices driven primarily 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 third-party offerings from the Intuit Developer Network to QuickBooks 2002 customers may also have contributed to the stronger upgrade sales.

Table of Contents

Small Business Products and Services

Small Business Products and Services product revenue is comprised of QuickBooks Do-It-Yourself Payroll, which offers payroll tax tables, forms and electronic tax payment and filing services on a subscription basis to small businesses that prepare their own payrolls; financial supplies such as paper checks, envelopes and invoices; and information technology management software. Service revenue for this segment is derived primarily from outsourced payroll services and from QuickBooks support plans. Other revenue for this segment consists primarily of royalties from small business online services and interest earned on customer payroll deposits.

Fiscal 2003 Compared to Fiscal 2002. Small Business Products and Services total net revenue grew 35% in fiscal 2003 compared to fiscal 2002. Payroll product revenue increased due to growth in the customer base and higher average selling prices driven by price increases. Financial supplies product revenue increased slightly during the year. Outsourced payroll service revenue increased due in large part to our acquisition of CBS Employer Services, Inc. in the fourth quarter of fiscal 2002. QuickBooks support revenue grew due to an increase in the number of support plans sold and continued strength in the higher-priced support plans for higher-end QuickBooks products introduced in late fiscal 2002 and in fiscal 2003. Finally, our acquisition of Intuit Information Technology Solutions, formerly Blue Ocean Software, Inc., in the first quarter of fiscal 2003 also contributed to revenue growth for this segment.

Fiscal 2002 Compared to Fiscal 2001. Small Business Products and Services total net revenue increased 16% in fiscal 2002 compared to fiscal 2001. Payroll product revenue increased, reflecting higher average selling prices and growth in the customer base. Financial supplies product revenue increased slightly during the year. Outsourced payroll service revenue increased, reflecting growth in QuickBooks Assisted Payroll Service due to higher average selling prices and growth in the customer base; higher Premier payroll service revenue; and revenue from our fourth quarter fiscal 2002 acquisition of CBS Employer Services, Inc. Fiscal 2002 service revenue growth in this segment 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 fiscal 2001. Revenue growth in this segment was partially offset by a decline in QuickBooks Internet Gateway other revenue.

Consumer Tax

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer desktop tax return preparation software. Consumer Tax service revenue is derived primarily from TurboTax for the Web online tax return preparation services and consumer electronic filing services. Paid Web units exclude tax filing units that we donate under the Intuit Tax Freedom Project.

Fiscal 2003 Compared to Fiscal 2002. Consumer Tax total net revenue increased 20% in fiscal 2003 compared to fiscal 2002. Total paid federal units increased 12% over fiscal 2002. Desktop revenue increased due to growth in paid federal units and higher average selling prices for federal tax offerings with enhanced functionality. TurboTax for the Web revenue increased due to paid federal unit growth and higher average selling prices. Electronic filing revenue was up due to higher federal desktop unit sales and higher average state electronic filing prices.

Fiscal 2002 Compared to Fiscal 2001. Consumer Tax total net revenue increased 29% in fiscal 2002 compared to fiscal 2001. Revenue from TurboTax desktop products was up due primarily to higher average selling prices resulting from the introduction of a higher-priced premium product. Revenue from TurboTax for the Web was strong in fiscal 2002, reflecting a significant increase in the mix of higher-end service offerings as well as 84% unit growth. Electronic filing units and revenue also contributed to the year-over-year growth.

Professional Accounting Solutions

Professional Accounting Solutions product revenue is derived primarily from ProSeries and Lacerte professional tax preparation software products. Professional Accounting Solutions service revenue is derived primarily from electronic filing and training services.

Table of Contents

Fiscal 2003 Compared to Fiscal 2002. Total net revenue from our professional tax preparation products and services increased 8% in fiscal 2003 compared to fiscal 2002. Product revenue grew 9% in fiscal 2003 due to price increases related to product enhancements, new customer acquisition initiatives and successful cross-sell efforts to the existing tax client base. Renewal rates for our existing customer base remained strong during fiscal 2003.

Fiscal 2002 Compared to Fiscal 2001. Total net revenue from our professional tax preparation products and services increased 25% in fiscal 2002 compared to fiscal 2001. Approximately \$21.0 million or 47% of the growth compared to fiscal 2001 resulted from our acquisition of Tax and Accounting Software Corporation in April 2001. Higher revenue from electronic filing services was also a significant factor in the increase. In addition, new customer acquisition and higher average selling prices for our ProSeries and Lacerte unlimited-use products contributed to the revenue growth. Renewal rates for our existing customer base remained strong during fiscal 2002.

Vertical Business Management Solutions

Vertical Business Management Solutions (“VBMS”) revenue is derived from four businesses that we acquired in fiscal 2002 that provide business management solutions for companies in selected industries. Those businesses are Intuit Distribution Management Solutions, whose Intuit Eclipse™ line of products and services offers business management software for the wholesale durable goods industry; MRI Real Estate Solutions, whose Intuit MRI line of products and services provides business management software solutions for commercial and residential property managers; Intuit Construction Business Solutions, whose Intuit MasterBuilder™ line of products and services provides business management solutions for the construction industry; and Intuit Public Sector Solutions, whose Intuit Fundware™ line of products and services offers accounting and business management software solutions for nonprofit organizations, universities and government agencies. VBMS product revenue is derived from business management software for these vertical industries. VBMS service revenue consists primarily of technical support, consulting and training services.

Fiscal 2003 Compared to Fiscal 2002. Our vertical businesses contributed \$94.8 million in revenue for fiscal 2003 compared to \$14.2 million in fiscal 2002. Three of the four acquisitions were completed in the fourth quarter of fiscal 2002. As a result, revenue from this segment was not significant in fiscal 2002 and consisted primarily of revenue generated by Intuit Construction Business Solutions, which we acquired in the first quarter of fiscal 2002.

Other Businesses

Other Businesses consist primarily of Personal Finance and Canada. Personal Finance product revenue is derived primarily from Quicken desktop software products. Personal Finance service revenue is nominal while other revenue consists of fees from consumer online transactions and Quicken.com advertising revenue. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as QuickTax and TaxWiz consumer desktop tax return preparation software and ProFile professional tax preparation products. Service revenue in Canada consists primarily of revenue from software maintenance contracts sold with QuickBooks.

Fiscal 2003 Compared to Fiscal 2002. Other Businesses total net revenue increased 2% in fiscal 2003 compared to fiscal 2002. Personal Finance product revenue decreased due to lack of growth in the market for personal finance desktop software and slow consumer spending. Lower unit sales for all Quicken products more than offset higher average selling prices for Quicken Premier and Quicken Home and Business. Personal Finance other revenue also decreased due to continuing slowness in Internet advertising and our exit from certain online businesses in fiscal 2002.

Total net revenue from Canada grew in fiscal 2003 compared to fiscal 2002, due partially to slightly higher revenue from QuickTax. Higher average selling prices and higher unit sales for this product were fueled by the second quarter fiscal 2003 introduction of Right for Me consumer tax products targeted at taxpayers who maintain home offices or who are preparing for retirement. Our new TaxWiz consumer tax preparation software also contributed to fiscal 2003 revenue growth. Canadian QuickBooks revenue for fiscal 2003 declined due to lack of growth in the software category and decreases in the level of inventory purchasing by retailers. The impact of these trends was partially offset by the introduction of several Right for My Business versions of QuickBooks in Canada in the third and fourth quarters of fiscal 2003.

[Table of Contents](#)

Fiscal 2002 Compared to Fiscal 2001. Other Businesses total net revenue was flat in fiscal 2002 compared to fiscal 2001. Personal Finance total net revenue decreased due primarily to a decline in revenue from Quicken desktop products and lower Quicken.com revenue. Solid growth in our online transactions business partially offset these declines. The decrease in Quicken revenue reflected the continuing overall decline in the personal finance desktop software category. Lower Quicken.com advertising revenue reflected the industry-wide decline in spending by purchasers of Internet advertising.

Revenue from Canada increased in fiscal 2002 compared to fiscal 2001. 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. Canadian consumer tax revenue growth was partially offset by modest revenue declines for QuickBooks and Quicken.

Cost of Revenue

(Dollars in millions)	Fiscal 2001	% of Related Revenue	Fiscal 2002	% of Related Revenue	Fiscal 2003	% of Related Revenue	2001-2002 % Change	2002-2003 % Change
Cost of product revenue	\$135.6	17%	\$157.4	16%	\$173.8	15%	16%	10%
Cost of service revenue	108.3	50%	107.6	39%	149.5	35%	-1%	39%
Cost of other revenue	26.0	35%	24.4	40%	20.6	30%	-6%	-16%
Amortization of purchased software	14.9	n/a	12.4	n/a	13.8	n/a	-17%	11%
Total cost of revenue	\$284.8	26%	\$301.8	23%	\$357.7	22%	6%	19%

There are four components of our cost of revenue: (1) cost of product revenue, which includes the direct cost of manufacturing and shipping our software products; (2) cost of service revenue, 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 generating advertising and marketing and online transactions revenue; and (4) amortization of purchased software, which represents the cost of amortizing products we obtained through acquisitions over their useful lives.

Fiscal 2003 Compared to Fiscal 2002. Cost of product revenue as a percentage of product revenue decreased to 15% in fiscal 2003 from 16% in fiscal 2002. This was primarily due to strong sales of our new higher-priced QuickBooks products, which have higher margins per unit. We also continued to improve the packaging design process for certain products and streamline some of our manufacturing processes during fiscal 2003. This enabled us to reduce the per-unit materials, manufacturing and shipping costs for our shrink-wrap software products. We expect to implement further efficiencies in our manufacturing processes during fiscal 2004. We also expect that the mix shift toward our higher-priced, higher-margin QuickBooks products will continue and that growth rates for our higher-priced QuickBooks products will exceed those for our lower-priced products.

Cost of service revenue as a percentage of service revenue decreased to 35% in fiscal 2003 from 39% in fiscal 2002. This decrease was primarily attributable to the growth in our outsourced payroll business during fiscal 2003. As this business grows, we are leveraging our historical investments in data center and other infrastructure to reduce the unit cost and improve the profitability of outsourced payroll services. In addition, starting in the third quarter of fiscal 2003 we no longer paid royalties to Wells Fargo Bank for our Premier payroll service. Although we now amortize the \$29.2 million purchase price of the right to market to this customer base to cost of service revenue, the amortization expense is less than the royalties that would have been incurred under the old agreement. We expect continued growth in our outsourced payroll business and a full year of the lower amortization expense for our Premier payroll service during fiscal 2004.

[Table of Contents](#)

Cost of other revenue as a percentage of other revenue decreased to 30% in fiscal 2003 from 40% in fiscal 2002. In the first quarter of fiscal 2002, we moved a large number of servers that supported our Quicken.com Web site from an external hosting company to our own data center and streamlined the infrastructure. Over time, this led to decreased cost of other revenue for this business.

We recorded a \$5.2 million impairment charge for intangible assets related to Quicken.com advertising revenue in the second quarter of fiscal 2002. Adjusting for this impairment charge, amortization of purchased software increased \$6.6 million in fiscal 2003 compared to fiscal 2002. The increase was a result of additional amortization for intangible assets we purchased in connection with the acquisitions we completed in the fourth quarter of fiscal 2002 and the first quarter of fiscal 2003. Amortization of purchased software expense may increase in fiscal 2004 compared to fiscal 2003 as a result of future acquisitions and impairment charges, which are not possible to predict.

Fiscal 2002 Compared to Fiscal 2001. Cost of product revenue as a percentage of product revenue decreased to 16% in fiscal 2002 from 17% in fiscal 2001. We lowered our per-unit materials, manufacturing and shipping costs for our shrink-wrap software products, resulting in significant cost savings. These savings were nearly offset by increased costs associated with improving our product distribution function. During the first quarter of fiscal 2002, we established a new third-party retail distribution relationship for our shrink-wrap software products. This distribution relationship enabled us to ship a larger percentage of our products directly to individual retail stores and allowed us to provide inventory to our retail customers on a more timely basis. By providing better service to our retailers, we reduced product returns and related costs.

Cost of service revenue as a percentage of service revenue decreased to 39% in fiscal 2002 from 50% in fiscal 2001. This decrease was attributable primarily to our payroll and Web-based tax businesses, which experienced significant revenue growth with relatively fixed cost bases in fiscal 2002.

Cost of other revenue as a percentage of other revenue increased to 40% in fiscal 2002 compared to 35% in fiscal 2001. This increase was primarily due to increased data center costs related to our Personal Finance segment's online transaction business.

Amortization of purchased software decreased \$2.5 million in fiscal 2002 compared to fiscal 2001. This reflected lower amortization expense in the second half of fiscal 2002 that resulted from a lower base of assets to be amortized. This decline was partially offset by impairment charges for certain purchased software assets that were recorded in the second quarter of fiscal 2002, which caused the decrease in the base of assets.

[Table of Contents](#)

Operating Expenses

(Dollars in millions)	Fiscal 2001	% Total Net Revenue	Fiscal 2002	% Total Net Revenue	Fiscal 2003	% Total Net Revenue	2001-2002 % Change	2002-2003 % Change
Customer service and technical support	\$137.2	13%	\$164.9	13%	\$178.9	11%	20%	8%
Selling and marketing	217.8	20%	263.7	20%	324.4	20%	21%	23%
Research and development	196.1	18%	198.5	15%	255.8	15%	1%	29%
General and administrative	93.5	9%	109.1	8%	148.9	9%	17%	36%
	<u>644.6</u>	59%	<u>736.2</u>	56%	<u>908.0</u>	55%	14%	23%
Charge for purchased research and development	0.2	0%	2.2	0%	8.9	1%	NM	NM
Charge for vacant facilities	—	—	13.2	1%	(1.1)	0%	NM	NM
Acquisition-related charges	247.8	23%	181.4	14%	33.9	2%	-27%	-81%
Loss on impairment of long-lived asset	—	—	27.0	2%	—	—	—	—
Total operating expenses	<u>\$892.6</u>	81%	<u>\$960.0</u>	73%	<u>\$949.7</u>	58%	8%	-1%

NM is a non-meaningful comparison.

Customer Service and Technical Support

Fiscal 2003 Compared to Fiscal 2002. Customer service and technical support expenses were 11% of total net revenue in fiscal 2003 compared to 13% in fiscal 2002. We continued to increase our efficiency in fiscal 2003 by improving our utilization of internal customer service representatives and by outsourcing some of our seasonal call center capabilities. We also increased the proportion of customer service and technical support we provide through less expensive methods such as Web sites, online chat, email and other electronic means. In fiscal 2003 we benefited from the fiscal 2002 implementation of a number of successful process excellence initiatives that reduced costs while maintaining or increasing service levels. These benefits were partially offset by increased demand for customer service and technical support due to the increasing complexity of our products and to customer questions relating to product activation technology in TurboTax desktop products. We discontinued product activation in certain TurboTax products after the 2002 tax season.

Fiscal 2002 Compared to Fiscal 2001. Customer service and technical support expenses were 13% of total net revenue in fiscal 2002 and 2001. We improved our efficiency in fiscal 2002 by increasing the proportion of customer service and technical support we provide through less expensive methods such as Web sites, online chat, email and other electronic means. We also implemented a number of successful process excellence initiatives that reduced costs while maintaining or increasing service levels. However, these benefits were offset by higher direct sales and support costs associated with converting the customers of Tax Accounting and Software Company, a company that we acquired in April 2001, to our ProSeries and Lacerte professional tax products, and by increased demand for customer service and technical support due to our growing customer base.

Table of Contents

Selling and Marketing

Fiscal 2003 Compared to Fiscal 2002. Selling and marketing expenses were 20% of total net revenue in fiscal 2003 and fiscal 2002. In fiscal 2003, we continued to expand our small business marketing programs to support the Right for My Business strategy announced in fiscal 2002. Marketing expenses for certain new QuickBooks products with advanced functionality totaled approximately \$12.0 million in fiscal 2003, compared to about \$2.0 million in marketing expenses for those products in fiscal 2002. Marketing expenses for fiscal 2003 also increased compared to fiscal 2002 as we expanded marketing programs to support our Consumer Tax Right for Me strategy, which we introduced during the 2002 tax season. In addition, we added selling and marketing expenses for the companies we acquired in the fourth quarter of fiscal 2002 and the first quarter of fiscal 2003. These increases were partially offset by a decrease in selling and marketing expenses as a percentage of total net revenue for our payroll business due to significant revenue growth in that segment.

Fiscal 2002 Compared to Fiscal 2001. Selling and marketing expenses were 20% of total net revenue in fiscal 2002 and fiscal 2001. In fiscal 2002, selling and marketing expenses increased as we expanded our small business marketing programs to support the Right for My Business strategy announced in September 2001. We also incurred additional marketing expenses for our Intuit Construction Business Solutions products, which we acquired in November 2001. These increases were partially offset by a decrease in selling and marketing expenses as a percentage of total net revenue for our payroll business due to significant revenue growth in that segment.

Research and Development

Fiscal 2003 Compared to Fiscal 2002. Research and development expenses were 15% of total net revenue in fiscal 2003 and fiscal 2002. During fiscal 2003, we continued to invest in new products and enhanced functionality for existing products, particularly those that support our small business Right for My Business and Consumer Tax Right for Me strategies. We also added research and development expenses for the companies we acquired in the fourth quarter of fiscal 2002 and the first quarter of fiscal 2003. Offsetting these increases, we continued to benefit from improvements in our development process that resulted in shorter development times and higher quality in many of our products.

Fiscal 2002 Compared to Fiscal 2001. During fiscal 2002, we increased research and development spending in some of our highest-growth businesses — QuickBooks, Consumer Tax and Professional Accounting Solutions — by approximately 10%. In particular, we continued to invest in our Right for My Business strategy, including new QuickBooks Premier, Enterprise and Point of Sale products launched in the second quarter of fiscal 2002, the Intuit Developer Network and other new products that we expected to introduce in fiscal 2003. At the same time, we significantly decreased or stopped spending in less strategic areas and discontinued product lines. We also benefited from improvements in our development process that resulted in shorter development times and higher quality for our new QuickBooks products. The net result was that research and development expenses in fiscal 2002 declined as a percentage of total net revenue to 15% of total net revenue compared to 18% in fiscal 2001.

General and Administrative

Fiscal 2003 Compared to Fiscal 2002. General and administrative expenses were 9% of total net revenue in fiscal 2003 compared to 8% in fiscal 2002. General and administrative expenses increased in fiscal 2003 compared to fiscal 2002 primarily due to acquisition integration costs; the addition of general and administrative expenses for the companies we acquired in the fourth quarter of fiscal 2002 and the first quarter of fiscal 2003; and higher insurance costs. General and administrative expenses did not include labor costs capitalized in connection with internal use software projects of \$18.0 million in fiscal 2003 and \$12.9 million in fiscal 2002.

Fiscal 2002 Compared to Fiscal 2001. General and administrative expenses were 8% of total net revenue in fiscal 2002 compared to 9% in fiscal 2001. We experienced increased directors' and officers' liability insurance costs and costs associated with integrating our acquisitions of Intuit Construction Business Solutions (formerly OMware, Inc.) in November 2001 and EmployeeMatters, Inc. in December 2000. These increases were partially offset by decreases in bad debt charges in fiscal 2002 compared to fiscal 2001.

Table of Contents

Charge for Purchased Research and Development

In connection with certain acquisitions and with the assistance of third-party appraisers, we determine the value of in-process projects under development for which technological feasibility has not been established. The value of each project is determined by estimating the costs to develop the in-process technology into a commercially feasible product, estimating the net cash flows we believe would result from the product and discounting these net cash flows back to their present value. The resulting amount is recorded as a charge for purchased research and development when we acquire certain new businesses.

In fiscal 2003, we recorded charges totaling \$8.9 million for purchased research and development, primarily in connection with our acquisition of Blue Ocean Software, Inc. (now Intuit Information Technology Solutions). In fiscal 2002, we recorded a charge of \$2.2 million for purchased research and development as a result of our acquisition of Management Reports, Inc. (now MRI Real Estate Solutions). In fiscal 2001, we recorded a charge of \$0.2 million for purchased research and development when we acquired Tax Accounting and Software Corporation.

Charge for Vacant Facilities

During the third quarter of fiscal 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 by subleasing the vacant space. As a result, we recorded a charge for vacant facilities of \$13.2 million in that quarter. During the fourth quarter of fiscal 2003, we decided that based on corporate growth requirements and the current real estate market in the San Francisco Bay Area, we would reoccupy one of these two vacant buildings. As a result, we reversed the remaining \$1.9 million reserve for the related lease obligations to our statement of operations. At the same time, we added \$1.4 million to the reserve for the remaining vacant Mountain View building to reflect our revised estimate of future sublease income for that facility. Based on revised estimates, we also reversed approximately \$0.6 million in reserves related to various smaller facilities for a total credit for vacant facilities of \$1.1 million to our statement of operations in the fourth quarter of fiscal 2003. See Note 13 of the financial statements.

Acquisition-Related Charges

Acquisition-related charges include the amortization of goodwill prior to August 1, 2002, the amortization of purchased intangible assets and deferred compensation expenses arising from acquisitions, and impairment charges relating to goodwill and purchased intangible assets. Beginning on August 1, 2002, we no longer amortize goodwill due to our adoption of SFAS 142. However, it is possible that in the future we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. See Note 1 and Note 4 of the financial statements.

Fiscal 2003 Compared to Fiscal 2002. In fiscal 2003, acquisition-related charges were \$33.9 million compared to \$181.4 million in fiscal 2002. In fiscal 2002, acquisition-related charges included the amortization of goodwill, the amortization of purchased intangible assets and deferred compensation expenses arising from acquisitions. Acquisition-related charges for fiscal 2002 also included impairment charges of \$22.0 million that were related to our Internet-based advertising business and our Site Solutions business. Beginning with the first quarter of fiscal 2003, acquisition-related charges no longer included amortization of goodwill due to our adoption of SFAS 142 and there were no impairment charges in fiscal 2003.

Fiscal 2002 Compared to Fiscal 2001. In fiscal 2002, acquisition-related charges were \$181.4 million compared to \$247.8 million in fiscal 2001. Acquisition-related charges in fiscal 2002 included impairment charges totaling \$22.0 million that were related to our Internet-based advertising business and our Site Solutions business. Acquisition-related charges for fiscal 2001 included impairment charges that totaled \$78.7 million for goodwill and intangible assets recorded in connection with our acquisitions of Venture Finance Software Corp., SecureTax.com and Hutchison Avenue Software Corporation.

[Table of Contents](#)

Loss on Impairment of Long-lived Asset

In connection with the sale of our Quicken Bill Manager business in May 2001, we acquired a \$27.0 million long-term asset related to future consideration from Princeton eCom. See Note 8 of the financial statements. During fiscal 2002, events and circumstances indicated impairment of this asset. These indicators included the deterioration of Princeton eCom's financial position and the decreased likelihood that it would receive future funding. Based on our analysis we determined that the fair value of this asset was impaired and recorded a charge of \$27.0 million in fiscal 2002 to reduce its carrying value to zero.

Non-Operating Income and Expenses

Interest and Other Income

Interest and other income was \$38.7 million in fiscal 2003 compared to \$27.3 million in fiscal 2002 and \$57.6 million in fiscal 2001. Fiscal 2003 interest and other income included \$10.1 million in royalties from trademark license and distribution agreements that we entered into when we sold our mortgage business in July 2002. See Note 9 of the financial statements. Due to the effect of the weakening U.S. dollar on intercompany balances with our Canadian subsidiary, interest and other income also included foreign exchange gains of \$5.4 million in fiscal 2003, compared to a nominal foreign exchange impact in fiscal 2002. In fiscal 2003, the interest income that we earned on our cash and short-term investment balances decreased due in part to a continuing decline in market interest rates compared to the same periods of the prior year. Our interest income also decreased as a result of lower average cash and short-term investment balances during part of fiscal 2003 compared to the same periods of fiscal 2002 due to our use of cash to fund our acquisitions and our stock repurchase programs. See Note 7 and Note 15 of the financial statements.

The decrease in interest and other income during fiscal 2002 compared to fiscal 2001 was due to a sharp decline in the interest we earned on our cash and short-term investment balances in fiscal 2002, reflecting significant decreases in market interest rates during the period.

Interest earned on customer payroll deposits is reported as revenue for our payroll business, and is not included in interest and other income.

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

We recorded a pre-tax net gain relating to marketable securities and other investments of \$10.9 million in fiscal 2003. We recorded pre-tax net losses relating to marketable securities and other investments of \$15.5 million in fiscal 2002 and \$98.1 million in fiscal 2001. The fiscal 2003 net gain included charges totaling \$2.8 million to write down certain long-term investments for which the decline in fair value below carrying value was other-than-temporary. The fiscal 2002 net loss included charges totaling \$9.5 million to write down certain long-term investments for which the decline in fair value below carrying value was other-than-temporary. The fiscal 2001 net loss included charges of \$40.2 million to write down certain available-for-sale securities for which the decline in fair value below carrying value was other-than-temporary and \$28.6 million to write down certain long-term investments for which the decline in fair value below carrying value was other-than-temporary.

Net Gains (Losses) on Divestitures

In March 2002, we paid \$12.0 million to terminate our remaining \$20.3 million obligation under an interactive services agreement related to our Quicken Bill Manager business, which we sold in May 2001. We recorded a pre-tax gain of \$8.3 million in connection with the termination of this agreement. See Note 8 of the financial statements.

During fiscal 2001, we recorded a pre-tax net loss of \$15.3 million resulting from our divestitures of businesses. We recorded a pre-tax loss of \$16.9 million for the sale of the technology assets of our Quicken Bill Manager business. This loss was partially offset by a pre-tax gain of \$1.6 million for the sale of certain assets of our wholly owned subsidiary, Intuit Insurance Services, Inc., which operated our Quicken Insurance business. See Note 8 of the financial statements.

Table of Contents

Income Taxes

For fiscal 2003, we recorded an income tax provision of \$129.6 million on pre-tax income from continuing operations of \$392.8 million, resulting in an effective tax rate of approximately 33%. For fiscal 2002, we recorded an income tax provision of \$16.9 million on pre-tax income from continuing operations of \$70.5 million, resulting in an effective tax rate of approximately 24%. For fiscal 2001, we recorded an income tax benefit of \$12.5 million on a pre-tax loss from continuing operations of \$137.1 million, resulting in an effective tax rate of approximately 9%. Our effective tax rate for fiscal 2003 differs from the federal statutory rate primarily due to tax-exempt interest income and research and development credits. Our effective tax rate for fiscal 2002 differs from the federal statutory rate primarily due to a tax benefit related to a divestiture that became available during the year and tax-exempt interest income, offset by non-deductible merger related charges. Our effective tax rate for fiscal 2001 differs from the federal statutory rate primarily due to the net effect of non-deductible merger and divestiture related charges offset by the benefit received from tax-exempt interest income.

At July 31, 2003, we had net deferred tax assets of \$217.9 million, which included a valuation allowance of \$7.5 million for net operating loss carryforwards relating to our international subsidiaries and certain state capital loss carryforwards. The allowance reflects management's assessment that we may not receive the benefit of certain loss carryforwards of our international subsidiaries and capital loss carryforwards in certain state jurisdictions. While we believe our current valuation allowance is sufficient, it may be necessary to increase this amount if it becomes more likely that we will not realize a greater portion of the net deferred tax asset. We assess the need for an adjustment to the valuation allowance on a quarterly basis. See Note 14 of the financial statements.

Discontinued Operations

Intuit KK

On February 7, 2003, we sold our wholly owned Japanese subsidiary, Intuit KK, and accounted for the sale as discontinued operations. In accordance with SFAS 144, we have segregated the operating results of Intuit KK from continuing operations on our statement of operations for all periods prior to the sale. We recorded a gain on disposal of these discontinued operations of \$71.0 million, net of income taxes of \$5.1 million, in the third quarter of fiscal 2003. See Note 9 of the financial statements.

Quicken Loans

On July 31, 2002, we sold 87.5% of our Quicken Loans mortgage business segment and accounted for the sale as discontinued operations. In accordance with APB Opinion No. 30, we have segregated the operating results of Quicken Loans from continuing operations on our statement of operations for all periods prior to the sale. We recorded a net gain on disposal of these discontinued operations of \$23.3 million in the fourth quarter of fiscal 2002. In October 2002, we sold our residual 12.5% equity interest in the purchasing company and recognized a net gain of \$5.6 million on the transaction. See Note 9 of the financial statements.

Concurrent with the sale, we signed an agreement to license the Quicken Loans brand and a distribution agreement under which the purchasing company will provide mortgage services on Quicken.com. We will receive minimum royalties of \$1.75 million a year for the next five years under the licensing agreement and minimum fees of \$0.75 million a year for the next five years under the distribution agreement. Royalties and fees under these agreements are being recorded as earned and are included in interest and other income on our statement of operations. For fiscal 2003, we recorded royalties of \$1.75 million under the trademark licensing agreement and fees of \$8.3 million under the distribution agreement. Fees due under these agreements totaled \$9.5 million at July 31, 2003 and are included in accounts receivable on our balance sheet. See Note 9 of the financial statements.

Cumulative Effect of Accounting Change

During the first quarter of fiscal 2001, we recorded a cumulative gain of \$14.3 million, net of income taxes, as a result of a change in accounting principle when we adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." We recognized the cumulative effect of the change in how we accounted for options to

[Table of Contents](#)

purchase shares of S1 Corporation as of August 1, 2000. See Note 1 of the financial statements. Subsequent fluctuations in the fair value of these options were included in our net income or net loss until we sold them in the first quarter of fiscal 2002.

Liquidity and Capital Resources

At July 31, 2003 our cash, cash equivalents and short-term investments totaled \$1.2 billion, essentially unchanged from July 31, 2002. In fiscal 2003, we generated cash primarily from continuing operations, discontinued operations and the issuance of common stock under employee stock plans and we used cash primarily for our stock repurchase programs and for acquisitions. The following table summarizes selected items from our statements of cash flows for fiscal 2001, 2002 and 2003. For complete statements of cash flows for those periods, see the financial statements in Item 8.

	Fiscal		
	2001	2002	2003
	(In thousands)		
Net cash provided by operating activities	\$ 230.7	\$ 344.3	\$ 569.4
Net income (loss) from continuing operations	(124.7)	53.6	263.2
Acquisition-related costs	263.0	196.0	56.6
Depreciation	54.3	58.8	73.8
Net cash used in investing activities	(300.0)	(30.9)	(486.6)
Acquisitions of businesses, net of cash acquired	(198.1)	(284.1)	(214.8)
Net liquidation (purchases) of short-term investments	(64.4)	302.7	(224.5)
Purchases of property and equipment	48.4	42.1	50.4
Capitalization of internal use software	23.4	21.3	34.3
Net cash provided by (used in) financing activities	87.6	(196.1)	(661.8)
Purchase of treasury stock	(8.4)	(318.4)	(814.3)
Net proceeds from issuance of common stock	96.8	133.6	155.9
Net cash provided by (used in) discontinued operations	(303.1)	225.2	341.4
Collection of amounts due from discontinued operations entities	(297.7)	108.1	241.6
Net income from discontinued operations	27.5	63.2	3.3
Net gains from discontinued operations	—	23.3	76.6

We generated \$569.4 million, \$344.3 million and \$230.7 million in cash from our operations during fiscal 2003, 2002 and 2001. Net income from continuing operations generated \$263.2 million in fiscal 2003 and \$53.6 million in fiscal 2002. Net loss from continuing operations used \$124.7 million in fiscal 2001. Adjustments for non-cash expenses included depreciation of \$73.8 million, \$58.8 million and \$54.3 million in fiscal 2003, 2002 and 2001. Adjustments for non-cash expenses also included acquisition-related charges, charges for purchased research and development and amortization of purchased software totaling \$56.6 million, \$196.0 million and \$263.0 million in those periods. Adjustments for non-cash expenses included \$27.0 million for an impairment loss on a long-lived asset in fiscal 2002 and \$98.1 million for net losses on marketable securities and other investments in fiscal 2001.

We used \$486.6 million, \$30.9 million and \$300.0 million in cash for investing activities during fiscal 2003, 2002 and 2001. Our primary use of cash for investing activities was for business acquisitions, which totaled \$214.8 million in fiscal 2003, \$284.1 million in fiscal 2002 and \$198.1 million in fiscal 2001, net of cash on the balance sheets of the companies when we acquired them. Fiscal 2003 proceeds from the sale upon maturity of short-term investments of \$2.1 billion were more than offset by reinvestments of \$2.3 billion, a net investment of \$224.5 million. Proceeds of \$3.2 billion from the sale upon maturity of short-term investments were partially offset by reinvestments of \$2.9 billion during fiscal 2002, a net draw of \$302.7 million. Fiscal 2001 proceeds from the sale upon maturity of short-term investments of \$3.1 billion essentially offset reinvestments of \$3.2 billion. Finally, as a

[Table of Contents](#)

result of our continued investment in information systems and infrastructure, we also purchased property and equipment of \$50.4 million, \$42.1 million and \$48.4 million and capitalized internal use software development projects of \$34.3 million, \$21.3 million and \$23.4 million in fiscal 2003, 2002 and 2001.

We used \$661.8 million and \$196.1 million in cash for our financing activities in fiscal 2003 and 2002. We generated \$87.6 million in cash from financing activities in fiscal 2001. The primary component of cash used for financing activities in fiscal 2003 and 2002 was \$814.3 million and \$318.4 million for the repurchase of stock through our stock repurchase programs. See Note 15 of the financial statements. This was partially offset by proceeds of \$155.9 million and \$133.6 million we received from the issuance of common stock under employee stock plans in fiscal 2003 and 2002. The primary component of cash generated from financing activities in fiscal 2001 was \$96.8 million we received from the issuance of common stock under employee stock plans.

Cash generated by discontinued operations totaled \$341.4 million in fiscal 2003 and \$225.2 million in fiscal 2002 while discontinued operations used cash of \$303.1 million in fiscal 2001. Cash generated by discontinued operations in fiscal 2003 included collection of \$241.6 million in amounts due from Quicken Loans and Intuit KK and a net gain of \$71.0 million from the sale of Intuit KK. Cash generated by discontinued operations during fiscal 2002 was primarily from collection of \$108.1 million in amounts due from Quicken Loans and Intuit KK, net income from discontinued operations of \$63.2 million and a gain of \$23.3 million on the sale of Quicken Loans. Cash used in discontinued operations during fiscal 2001 was related primarily to an increase of \$297.7 million in amounts due from Quicken Loans and Intuit KK.

In May 2001, Intuit's Board of Directors initiated Repurchase Plan I and authorized the Company to repurchase up to \$500.0 million of common stock from time to time over a three-year period. In July 2002, our Board of Directors increased the authorized purchase amount by \$250.0 million to a total of \$750.0 million. From inception of the program through its conclusion in December 2002, we repurchased a total of 16.6 million shares of our common stock for an aggregate cost of approximately \$750.0 million. Shares of stock repurchased under this program became treasury shares.

In March 2003, Intuit's Board of Directors initiated Repurchase Plan II and authorized the Company to repurchase up to \$500.0 million of common stock from time to time over a three-year period. During fiscal 2003, we repurchased a total of 8.9 million shares of our common stock for an aggregate cost of approximately \$390.4 million under this program. Authorized funds of \$109.6 million remained available under the program at July 31, 2003. Shares of stock repurchased under this program become treasury shares.

In August 2003, our Board of Directors initiated Repurchase Plan III and authorized the Company to repurchase up to \$500.0 million of common stock from time to time over a three-year period. Shares of stock repurchased under this program will become treasury shares.

Shares repurchased under the plans described above from the inception of the plans had no significant impact on our basic and diluted net income or loss per share in fiscal 2001 or 2002 while they increased our basic and diluted net income per share by \$0.13 and \$0.12 in fiscal 2003.

Outstanding loans to executive officers and other employees totaled \$19.7 million at July 31, 2003 and \$21.3 million at July 31, 2002. Loans to executive officers are primarily relocation loans. Loans are generally secured by real property and have maturity dates of up to 10 years. As of July 31, 2003, all interest payments were current in accordance with the terms of the loan agreements. Consistent with the requirements of the Sarbanes-Oxley legislation enacted on July 30, 2002, no loans to executive officers have been made or modified since July 30, 2002 and we do not intend to make or modify loans to executive officers in the future. See Note 19 of the financial statements.

In March 2003, we repurchased 17,532 shares of common stock from our chief executive officer at fair market value to provide him with the funds to pay the payroll tax withholding obligation relating to the vesting of his restricted stock. See Note 19 of the financial statements.

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

[Table of Contents](#)

strategic relationships with and investing in other companies. We may decide to use cash and cash equivalents to fund such activities in the future.

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

The following table summarizes our contractual obligations at July 31, 2003:

(In millions)	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	After 5 years	
Restricted cash	\$ 12.2	\$ —	\$ —	\$ —	\$ 12.2
Short-term portion of vacancy reserve	1.4	—	—	—	1.4
Long-term obligations	3.5	20.5	2.6	2.7	29.3
Operating leases	24.6	49.9	39.3	69.0	182.8
Total contractual cash obligations	\$ 41.7	\$70.4	\$41.9	\$71.7	\$225.7

Restricted cash at July 31, 2003 included \$4.0 million for product rebates due our customers and \$5.7 million in obligations to our employees under deferred compensation plans. Restricted cash at July 31, 2003 also included \$2.5 million that we held in escrow in connection with our fiscal 2002 acquisition of CBS Employer Services, Inc. The escrow period expires in June 2005. See Note 1 of the financial statements.

Long-term obligations at July 31, 2003 included the \$8.3 million long-term portion of our reserve for vacant Mountain View facilities. Long-term obligations also included \$17.5 million for amounts we owe to former stockholders of CBS Employer Services, Inc. in connection with our acquisition of that company in the fourth quarter of fiscal 2002. See Note 13 of the financial statements.

Recent Accounting Pronouncements

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." Issue 00-21 provides guidance on accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of Issue 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We do not believe that the adoption of Issue 00-21 will have a material effect on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires us to consolidate a variable interest entity if we are subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Some of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We anticipate that the adoption of FIN 46 will not have a material impact on our financial position, results of operations or cash flows.

In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." Statement 149 is intended to result in more consistent reporting of contracts as either

[Table of Contents](#)

freestanding derivative instruments subject to Statement 133 in its entirety, or as hybrid instruments with debt host contracts and embedded derivative features. In addition, Statement 149 clarifies the definition of a derivative by providing guidance on the meaning of initial net investments related to derivatives. Statement 149 is effective for contracts entered into or modified after June 30, 2003. We do not believe the adoption of Statement 149 will have a material effect on our consolidated financial position, results of operations or cash flows.

In May 2003, the FASB issued Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. Statement 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. Statement 150 represents a significant change in practice in the accounting for a number of financial instruments, including mandatorily redeemable equity instruments and certain equity derivatives that are frequently used in connection with share repurchase programs. We do not use such instruments in our share repurchase program. Statement 150 is effective for all financial instruments created or modified after May 31, 2003, and to other instruments as of September 1, 2003. We adopted Statement 150 on June 1, 2003 and do not believe the effect of adopting this statement will have a material impact on our financial position, results of operations or cash flows.

RISKS THAT COULD AFFECT FUTURE RESULTS

Company-Wide Factors That Could Affect Future Results

We face intense competitive pressures in all of our businesses, which can have a negative impact on our revenue, profitability and market position. We have formidable current and potential competitors. Accordingly, we expect competition to remain intense during fiscal 2004 and beyond. In all our businesses, we face continual risks that competitors will introduce better products and services, reduce prices, gain better access to distribution channels, increase advertising (including advertising targeted at Intuit customers), and release new products and services before we do. Any of these competitive actions — particularly any prolonged price competition — could result in lower net revenue and/or lower profitability for us. They could also affect our ability to keep existing customers and acquire new customers. For more information about the competitive environment in which we operate, see Item 1, “Business — Competition” and the competition risk factors for each of our businesses below.

If we do not continue to develop new products and services in a timely manner, our future financial results will suffer. It is necessary for us to continually develop new products and services and to improve existing products and services so that we can remain competitive in the markets we serve and in the markets we seek to enter. In executing our customer-focused product strategies, we have introduced a number of products and services that are specially designed for specific businesses and consumer needs. Many of our offerings have posed new product development challenges for us because several of these offerings require that our products and services integrate with one another and with both our web sites and our internal information systems. In addition, our customers expect — and our business model contemplates — increased functionality and greater inter-operability among our products and services. Moreover, our development and enhancement processes involve several risks, including challenges in hiring and retaining highly qualified employees, the risk of delays in product and service launches, the risk of defects that hinder performance and the risk that consumers will not buy new or modified offerings. Failure to timely and successfully develop new products and services would harm our competitive position and result in declines in our revenue and earnings.

Expanding our product and service offerings creates risks due to the increasing complexity and decreasing predictability of our revenue streams. Our expanding range of products and services generates more varied revenue streams than our traditional desktop software businesses. The accounting policies that apply to these revenue streams are more complex than those that apply to our traditional products and services. We expect this trend to continue as we acquire additional companies. For example, as we begin to offer additional features and options as part of multiple-element sales arrangements, we could be required to defer a higher percentage of our product revenue at the time of sale than we do for traditional products. This would decrease revenue at the time products are shipped, but result in increased revenue in fiscal periods after shipment. In addition, our Vertical Business Management Solutions businesses offer products and services with significantly higher prices than we have traditionally offered. Revenue from these offerings tends to be less predictable than revenue from our traditional desktop products, due to longer sales and implementation cycles. These businesses also tend to rely on a relatively small number of large orders for a substantial portion of their revenue in a particular quarter, which could cause our quarterly revenue from these businesses to fluctuate.

We are continuing to implement new information systems to enable us to execute on our growth strategy, and problems with the design or implementation of these new systems could interfere with our business and operations. We are in the process of implementing new information systems to eventually replace our existing systems. As a part of this effort, we began implementing in fiscal 2003, and will continue to implement in fiscal 2004, new software applications to manage our business and finance operations. We may not successfully implement these new systems and transition data, and even if we do succeed, the implementation may be much more costly than we anticipated. Any disruptions relating to these systems enhancements could adversely impact our ability to do the following in a timely and accurate manner: take customer orders, ship products, provide services and support to our customers, bill and track our customers, fulfill contractual obligations and otherwise run our business. In addition, many of our newer businesses depend on a different operational infrastructure than our desktop software businesses, and we must continually develop, expand and modify our internal systems and procedures — including call center, customer management, order management, billing and other systems — to support these businesses. If we are unable to successfully implement new information systems, our financial position, results of operations, cash flows and stock price could be adversely affected.

[Table of Contents](#)

Any significant failure in our technology systems could harm our operations and our financial performance. We rely on a variety of technology systems to, among other functions, take and fulfill customer orders, handle customer service requests, host our Web-based activities, support internal operations and store customer and company data. Our computer and communications systems and operations could be damaged or interrupted, or lose customer data, any of which could prevent us from accepting and fulfilling customer orders and adversely impact our internal operations. To prevent interruptions, we must continually upgrade our systems and processes to ensure that we have adequate recoverability — both of which are costly and time consuming. While we have backup systems for certain aspects of our operations, our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. In addition, we may have inadequate insurance coverage or insurance limits to compensate us for losses from a major interruption. If any of this were to occur, it could harm our financial performance, damage our reputation and be expensive to remedy.

Business integration of acquired companies presents several challenges and we may not fully realize the intended benefits of our acquisitions if we do not successfully integrate them with our operations. During the past few years, we have completed numerous acquisitions (two in fiscal 2003 and five in fiscal 2002), and we expect to continue to pursue acquisitions as part of our Right for My Business strategy. These acquisitions expand our product and service offerings, personnel and geographic locations and require us to integrate different company cultures, management teams and business infrastructures. The integration process can strain our resources and be expensive and time consuming, particularly if we are integrating multiple companies at the same time. Promptly and efficiently integrating acquired businesses creates challenges for our operational, financial and management information systems, as well as for our product development processes. We may have difficulty developing, manufacturing and marketing the products of a newly acquired company in a way that enhances the performance of our combined businesses or product lines to realize the value from expected synergies. Depending on the size and complexity of an acquisition, and the number of acquisitions we are concurrently integrating, our successful integration of the entity depends on a variety of factors, including:

- Retaining key employees
- Managing facilities and employees in different geographic areas
- Retaining key customers, and
- Integrating or coordinating different research and development, product manufacturing, and sales and marketing programs.

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 technical support problems, including longer than expected waiting times for customers when our staffing and systems are inadequate to handle a higher-than-anticipated volume of requests. When we experience these problems, they can adversely affect customer relationships and our financial results (due to lost revenue because of our inability to accept orders for our products or increased costs). We also risk losing service at any one of our customer contact centers and our redundancy systems could prove inadequate to provide backup support. In addition, our customer-focused business strategy presents additional technical support challenges as we increase the number and complexity of the products we offer, particularly for our QuickBooks, Consumer Tax and Vertical Business Management Solutions segments. To improve our performance in this area, we must eliminate underlying causes of service and support requests through product improvements, better order fulfillment processes, more robust self-help tools, and improved ability to accurately anticipate demand for support. Implementing any of these improvements can be expensive, time consuming and ultimately prove unsuccessful.

Given the nature of the products and services that we offer, our revenue and earnings are highly seasonal. Several of our businesses are highly seasonal — particularly our tax businesses, but also our small business software and service offerings 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 experience lower revenues, and often significant operating losses, in the first and fourth quarters ending October 31 and July 31. Recently we have recognized an increasing portion of our Consumer Tax revenue in the third fiscal quarter compared to the second fiscal quarter. Our financial results can also fluctuate from quarter to quarter and year to year due to a variety of factors, including changes in product sales mix that affect average selling prices, product release dates, the timing of sales of our higher-priced Vertical Business Management Solutions

[Table of Contents](#)

offerings, our methods for distributing our products, including the shift to a consignment model for our consumer tax products that we sell through retail distribution channels, and the timing of acquisitions, dispositions, and goodwill and purchased intangible asset impairment charges.

We face risks relating to customer privacy and security and increasing regulation, which could hinder the growth of our businesses and affect our financial performance. Despite our efforts to address customer concerns about privacy and security, these issues still pose a risk to our business, and we have experienced lawsuits and negative publicity relating to privacy issues. 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 demand for our products and/or additional regulation by federal or state agencies. In addition, we have incurred — and will continue to incur — significant expenses to comply with mandatory privacy and security standards and protocols. If additional similar federal and state laws and/or regulations (like the recently created federal “Do Not Call List”) that govern our direct marketing activities (such as telesales and email campaigns) are passed, our ability to communicate with our customers may be further limited and our compliance costs may increase, both of which could have a negative impact on our operating results. Moreover, in response to concerns about their customers’ privacy, third parties (such as Internet service providers) have developed, and may continue to develop, technology that limits or impedes our ability to communicate with our customers, particularly via email.

We face several risks relating to our retail distribution channel through which we sell our core desktop software products (QuickBooks, TurboTax and Quicken). We face challenges with our relationships with retailers, including our ability to negotiate favorable terms with them, the risk that retailers could consolidate and potentially eliminate the number of retail locations in which our products are offered, and the negative effect of the current economic environment on retail sales generally. In addition, any change in significant business terms, termination or significant disruption of our relationship with any of our major resellers could result in a decline in our revenue. If any of our retailers experience financial difficulties, it could have an adverse effect on our operating expenses if uncollectible amounts from them exceed the bad debt reserves we have established.

We face additional risks in the retail channel as we execute on our Customer-Focused Product Strategy through which we offer a collection of products and services that are tailored for a wide range of customers with differing needs. We now offer several more stock-keeping units (SKUs) than we have in the past and some of these products can be more complex and priced higher than our traditional retail software products and therefore pose new challenges for us in the retail channel. For example, to market our QuickBooks offerings at retail we have historically relied on product packaging, in-store displays and other retail merchandising to educate customers about our products. However, because our industry-specific versions of QuickBooks (which we call “flavors”) are priced higher, this strategy may prove less effective or ineffective given the increased need to educate potential customers about the added benefits of these products and the related higher pricing. As a result, we may need to incur additional expenses to develop other marketing programs that supplement our traditional in-store promotional efforts to sell these products to customers. In addition, retailers may be reluctant to carry the higher-priced SKUs because they are new offerings, and we have not yet been able to demonstrate demand for these products at levels that are desirable to our retailers. Finally, our Customer-Focused Product Strategy — and, in particular, our Right for My Business strategy — is resulting in a greater number of Intuit products that we’re asking our retailers to stock. Therefore, we may experience difficulty in negotiating with our retailers to ensure that they will carry all of our SKUs and to ensure that they will carry an adequate supply of all of the different versions of our products in their stores. If retail distribution proves an ineffective channel for certain of our new offerings (and our QuickBooks flavors in particular), it could adversely impact our growth, revenue and profitability.

Acquisition-related costs can cause significant fluctuation in our net income. Our recent 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 and impairment of goodwill, purchased intangible assets and deferred compensation (which are reflected in operating expenses). Total acquisition-related costs in the categories identified above were \$263.0 million in fiscal 2001, \$196.0 million in fiscal 2002 and \$56.6 million in fiscal 2003. Fiscal 2003 acquisition-related costs have declined primarily because of a change in the accounting treatment of goodwill. However, we may incur less frequent, but larger, impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. As of July 31, 2003, we had an unamortized goodwill balance of approximately \$591.1 million, which could be subject to impairment charges in the

[Table of Contents](#)

future. Additional acquisitions, and any impairment of the value of purchased assets, could have a significant negative impact on our future operating results.

If we are required to account for options under our employee stock plans as a compensation expense, it would significantly reduce our net income and earnings per share. Although we are not currently required to record any compensation expense in connection with option grants to employees that have an exercise price at or above fair market value, it is possible that future laws or regulations will require us to treat all employee stock options as a compensation expense. The increased compensation expense would significantly reduce our net income and earnings per share under generally accepted accounting principles.

If actual product returns exceed reserves our revenue would be lower. We ship more desktop software 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 Consumer Tax products, which have a short selling season and for which returns occur primarily in our fourth fiscal quarter. Like most software companies, we have historically accepted significant product returns. We establish reserves against revenue 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.

We rely on third-party vendors to handle all outsourced aspects of manufacturing and distribution for our primary retail and primary direct desktop software products. 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 a manufacturing relationship with Modus Media, and a distribution arrangement with Ingram Micro Logistics. To manufacture and distribute our primary direct products (QuickBooks, TurboTax and Quicken), we have a manufacturing and distribution relationship with Arvato Services Inc. While we believe that relying on only three 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, including but not limited to financial difficulties of the vendor.

Legal protection for our intellectual property is not always effective to prevent unauthorized use or copying. Current U.S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. In addition, efforts to protect our intellectual property may not be positively perceived by our customers. Although we continue to evaluate technology solutions to piracy, as well as increase our civil and criminal enforcement efforts, we expect piracy to be a persistent problem. Changes to federal or state laws and/or regulations could impact our ability to enforce our intellectual property rights. Also, the Internet may tend to increase, and provide new methods for, illegal copying of our desktop and Internet-based products and services. In addition, we face risks relating to licensing our intellectual property to third parties. For example, we licensed the use of the Quicken Loans and Quicken Mortgage trademarks to the purchaser of our Quicken Loans mortgage business. If the purchaser violates the terms of the trademark license, it could result in serious harm to Intuit's reputation and serious and irreparable harm to the value of our Quicken-related brands.

We do not own all of the software, other technologies and content used in our products and services. We have the licenses from third parties that we believe are necessary for using technology and content that we do not own in our current products and services. From time to time we may be required to renegotiate with these third parties — or negotiate with new third parties — to include their technology or content in our existing products, in new versions of our current products or in new products. We may not be able to negotiate or renegotiate licenses on reasonable terms, or at all. If we're unable to obtain the rights necessary to use third-party technology or content in our products and services, we may not be able to sell the affected products, which would in turn have a negative impact on our revenue and operating results.

We may unintentionally infringe on the intellectual property rights of others, which could expose us to substantial damages or restrict our business operations. As the number of our products and services increases and their features and content continue to expand, and as we acquire technology through acquisitions or licenses, we may increasingly become subject to infringement claims by third parties. From time to time, we have received communications from

[Table of Contents](#)

third parties in which the claimant alleges that a product or service we offer infringes the claimant's intellectual property rights. Occasionally these communications result in lawsuits. In many of these cases, it is difficult to assess the extent to which the intellectual property right that the claimant asserts is valid or the extent to which we have any material exposure. Past claims have not resulted in any significant litigation, settlement or licensing expenses, but future claims could present an exposure of uncertain magnitude. Existing or future infringement claims or lawsuits against us, whether valid or not, may be time consuming and expensive to defend. Intellectual property litigation or claims could force us to do one or more of the following: cease selling, incorporating or using products or services that incorporate the challenged intellectual property; obtain a license from the holder of the infringed intellectual property, which may not be available on commercially favorable terms or at all; or redesign our software products or services, possibly in a manner that reduces their commercial appeal. Any of these actions may cause material harm to our business and financial results.

Specific Factors Affecting Our QuickBooks, Small Business Products and Services and Vertical Business Management Solutions Segments

In our QuickBooks and our Small Business Products and Services businesses, we face a wide range of competitive risks that could impact our financial results. Our QuickBooks business faces current competition from competitors' desktop and Web-based software offerings. Many competitors and potential competitors have begun providing, or have expressed significant interest in providing, accounting and business management products and services to small businesses. As we expand the depth and breadth of our small business offerings, we face additional competition from others who are already offering industry-specific small business solutions and business management tools and services for larger small businesses. Microsoft has several small business offerings that compete with our small business offerings, including Microsoft Business Solutions Small Business Manager, Microsoft Business Solutions CRM and Business Contact Manager for Microsoft Office Outlook® 2003. We expect that Microsoft small business offerings will continue to compete with our small business offerings, perhaps even more directly in the future. In addition, we face direct competition in our Intuit Payroll Services Complete Payroll business from traditional payroll services offered by a number of companies, including ADP and Paychex. Our financial supplies business faces ongoing pricing pressures from many of our competitors. As we implement our Right for My Business strategy we face increased competitive threats from larger companies in bigger markets than we have historically faced.

We face competitive pressures in our Vertical Business Management Solutions segment. All of our Vertical Business Management Solutions businesses operate in highly competitive and fragmented environments where no competitor has a significant share of the market segment. We may experience pricing pressure in these market segments because we compete with many small companies, who have fewer resources than larger companies and are therefore more likely to focus on near-term sales. In each of these market segments, the possibility exists that through either consolidation within the market segment or the entry into the market segment of new companies a significant competitor will emerge.

It is too soon to provide assurance that we will be able to generate substantial and sustained revenue growth from new products and services in the QuickBooks, Small Business Products and Services and Vertical Business Management Solutions segments. To meet our growth goals, we must generate revenue from a wider range of market and customer segments, as well as from new products and services. There are a number of risks associated with our growth strategy, including:

- We may have difficulty identifying potential targets for acquisition.
- Our strategy depends on our successfully completing acquisitions and integrating acquired companies, which presents a number of challenges as described above under "Company-Wide Risk Factors."
- Our Right for My Business strategy is resulting in a dramatic increase in the number and complexity of the products and services that we offer. This places greater demands on our research and development, and marketing and sales resources, as we must develop, market and sell both the new products and services and periodic enhancements to an expanding portfolio of products and services. This will also require us to continually develop, expand and modify our internal business operations systems and procedures to gain better integration so we can support our new businesses, including our customer service and technical support contact centers, and our customer management, order management, billing and other systems.

Table of Contents

- Many of the new products and services we offer, and will be offering, are much more complex than our traditional core desktop software products and are priced accordingly. They will therefore require a more consultative sales process and a higher level of post-sales support, both of which could result in higher selling and marketing expenses. If we are not able to effectively adapt our marketing, sales, distribution and customer support functions to accommodate these changes, we will not succeed in generating significant or sustained revenue or net income from these new businesses.

Our acquisition strategy entails a number of challenges that could limit our successful implementation of the strategy. A key component of our Right for My Business strategy is to continue to expand our product and service offerings, and we expect to derive a significant portion of this expansion from acquisitions. We could face the following risks relating to our strategy and future acquisitions, in addition to the integration challenges noted above:

- Competition for acquisition opportunities could inhibit our ability to complete suitable acquisitions, and could also increase the price we would have to pay to complete acquisitions.
- If we are unable to complete acquisitions successfully, we may not be able to develop and market products for new industries or applications with which we may not be familiar.
- Despite our due diligence reviews, acquired businesses may bring with them unanticipated liabilities, business or legal risks or operating costs that could harm our results of operations or business, reduce or eliminate any benefits of the acquisition or require unanticipated expenses.
- Future acquisitions may require us to issue shares of our stock and stock options to owners of the acquired businesses, which would result in dilution to the equity interests of our stockholders.
- If we fail to retain the services of key employees of acquired companies for significant time periods after we acquire their companies, we may experience difficulty in managing the acquired company's business and not realize the anticipated benefits of the acquisition.

Revenue growth for our Vertical Business Management Solutions segment may be hindered by a variety of factors, which could have a negative impact on overall company revenue growth. Revenue growth for our Vertical Business Management Solutions business is subject to numerous risks. Among these are the negative impact of the current economic environment on customer purchases of the relatively high-priced software solutions offered by these businesses, strong pricing pressure in these markets because we compete with many small companies, who have fewer resources than larger companies and are therefore more likely to focus on near-term sales, our ability to successfully acquire other companies and the potential disruption to the businesses of the acquired companies during the acquisition integration process. In addition, revenue growth in any particular period may be difficult to predict because of the complex revenue streams generated by these businesses, and the corresponding complexity in the accounting policies that apply to them.

Our financial supplies business relies on a single-source vendor. 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 85% of our supplies revenue in fiscal 2001 and 2002, and almost 95% of our supplies revenue in fiscal 2003. We believe that relying on one 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 financial results as a whole.

Our payroll businesses face a number of risks that could have a negative impact on revenue and profitability. For our payroll businesses, we must process customer data accurately, reliably and timely in order to attract and retain customers and avoid the costs associated with errors. We must also accurately and timely develop new and upgraded payroll products to enable our customers to meet the various regulatory deadlines associated with employer-related payroll activities. If we failed to timely deliver any of our payroll products, it could cause our current and prospective customers to choose a competitor's product for that year's payroll and not to purchase Intuit products in the future. In order to generate sustained growth for our Intuit Payroll Services Complete Payroll, we will be required to successfully develop and manage a more extensive and proactive direct field sales operation, which is a different distribution method than those we have historically utilized. As our payroll businesses involve the processing of large amounts of payroll funds and the remittance of large amounts of income taxes, there is a potential for errors in processing the payments or misappropriation of payroll funds by either our customers'

[Table of Contents](#)

employees or our own employees. Any such error or misappropriation could subject Intuit to liabilities that could be substantial. In addition, we are authorized by our customers to transfer money from their bank accounts to fund amounts owed to their employees and taxing authorities. It is possible that we could be held liable for such amounts in the event the client has insufficient funds to cover them. Moreover, our payroll businesses, other than our Do-It-Yourself product, include as part of their revenue interest on customer deposits not yet remitted to taxing authorities or to customers' employees. If interest rates decline, or there take effect regulatory changes either decreasing the amount of taxes withheld or allowing less time to remit taxes to taxing authorities, it would result in less interest revenue for those businesses. If any of the above eventualities came to pass, it could have a negative impact on the revenue, profitability and future growth of our payroll businesses.

Specific Factors Affecting Our Consumer Tax and Professional Accounting Solutions Segments

We face intense competitive pressures from both the private and public sectors in our Consumer Tax and Professional Accounting Solutions businesses that could have a negative impact on revenue, profitability and market position. There are formidable current and potential competitors in the private sector for both our consumer and professional tax products, and we expect competition to remain intense in the future. Our major domestic competitor for both desktop and Web-based consumer tax software continues to be H&R Block, the makers of TaxCut software, and our largest professional tax competitors are CCH Incorporated, with its ProSystem fx product line; Kleinrock Publishing, with its ATX product line; and the Thomson Corporation, with its Creative Solutions and GoSystem offerings. These competitive pressures can have a negative impact on our revenue, profitability and market position.

In addition, we face current and potential competition from a number of publicly funded government entities that are offering individual taxpayers electronic tax preparation and/or filing services, at no cost to individual taxpayers. If governmental agencies are able to develop consumer tax preparation and filing services and to gain consumer acceptance of those services, it could have a negative impact on our financial results in future years. The federal government signed a three-year Free File Alliance agreement in October 2002 under which a number of private sector companies, rather than the federal government, are providing Web-based federal tax preparation and filing services at no cost through voluntary public services initiatives such as our Intuit Tax Freedom Project. However, future administrative, regulatory or legislative activity in this area could have a strong adverse impact the financial performance of our Consumer Tax and Professional Accounting Solutions businesses.

The product activation technology that we introduced into certain TurboTax desktop products last year could have an adverse impact on this year's results for our Consumer Tax business. During tax year 2002, federal versions of TurboTax desktop products for Windows included product activation technology that helped to prevent unlicensed users from using pass-along and/or counterfeit copies of TurboTax to print or electronically file a tax return. The introduction of product activation generated negative commentary in the media and in online forums and also resulted in a modest increase in the volume of customers contacting our customer service and technical support centers. While we have publicly announced that we will not include product activation in retail versions of TurboTax for Windows for the upcoming tax season, there is uncertainty about whether the negative publicity and customer reactions to, and experiences with, this technology last year will impact our Consumer Tax business this year. Any significant negative repercussions relating to product activation could adversely impact our fiscal 2004 results for our Consumer Tax business, in particular, and our financial performance as a whole.

Significant problems or delays in developing our Consumer Tax and Professional Tax products would result in lost revenue and customers. Developing tax preparation software presents a unique challenge because of the demanding annual development cycle required to incorporate unpredictable tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products. Our tax preparation software business, which represents a substantial portion of our annual revenue, is highly seasonal since the customers in that market generally prepare and file their taxes by April 15. A significantly late product launch could result in lost revenue and lost customers. It could cause our current and prospective customers to choose a competitor's product for that year's tax season or to choose not to purchase tax preparation software at all. These risks could result in lost revenue in the current tax year and would make it more difficult for us to sell our products to customers in future tax seasons. Moreover, the rigid development timetable increases the risk of errors in our products and the risk of launch delays. Any major defects could lead to negative publicity, customer dissatisfaction and incremental

Table of Contents

operating expenses, including expenses resulting from our commitment to reimburse penalties and interest paid by consumer customers due solely to calculation errors in our products.

If we fail to maintain reliable and responsive service levels for our electronic tax offerings, we could lose revenue and customers. Our Web-based tax preparation and electronic filing services must effectively handle extremely heavy customer demand during the peak tax season and the exact level of demand for these offerings is difficult to predict. We face significant risks and challenges in maintaining these services and maintaining adequate service levels, particularly during peak volume service times. For example, we experienced a relatively brief unscheduled interruption in our electronic filing service on April 15, 2003 during which certain users of our professional tax products were unable to receive confirmation from us that their electronic filing had been accepted. We also experienced relatively brief unscheduled interruptions in our electronic filing and/or tax preparation services during tax years 1999 and 2000, and we reached maximum capacity for a short period on April 15, 2002. We also face risks related to the performance of our redundancy and data recoverability systems in these businesses. If our redundancy and data recoverability systems are inadequate, then we could lose the ability to provide these services — or provided these services at inadequate levels — to our customers. If we experience any prolonged difficulties with our Web-based tax preparation or electronic filing service at any time during the tax season, we could lose current and future customers, receive negative publicity and incur increased operating costs, any of which could have a significant negative impact on the financial and market success of these businesses and have a negative impact on our near-term and long-term financial results.

Increased state filing mandates could significantly increase our costs. We are required to comply with a variety of state revenue agency standards in order to successfully operate our tax preparation and electronic filing services. Changes in state-imposed requirements by one or more of the states, including the required use of specific technologies or technology standards, could significantly increase the costs of providing those services to our customers.

If we are unable to significantly increase accountant-facilitated sales, it could have a negative impact on revenue growth. We are currently focused on developing relationships with accounting professionals in order to expand our opportunities to sell small business products and services to their clients under our “Right for My Firm, Right for My Clients” strategy. We view this strategy as an important driver for our Professional Accounting Solutions segment, as well as our QuickBooks and Small Business Products and Services businesses. However, since this is a new model for us, we face several risks associated with it, including the risk that we will not be able to effectively execute this strategy and the risk that we will not derive the anticipated benefits (including financial benefits) from this strategy. We face intense competition in this effort, as there are an increasing number of alliances between accountants and other professional tax preparers and providers of small business software and services that aim to capitalize on accountant-facilitated sales of small business products and services to their clients.

Specific Factors Affecting Our Other Businesses Segment

Our Other Businesses products face competition that could have a negative impact on revenue, profitability and market position. Our Quicken products compete — domestically and internationally — directly with Microsoft Money, which is aggressively promoted and priced. We expect competitive pressures for Quicken to continue, both from Microsoft Money and from Web-based personal finance tracking and management tools that are becoming increasingly available at no cost to consumers. Competitive pressures can result in reduced revenue and lower profitability for our Quicken product line. In Canada, we face competition from a number of companies in the small business, consumer tax and professional tax businesses.

The long-term viability of our personal finance business will depend on our ability to provide new products and services that attract customers. The demand for personal finance desktop software products — such as our Quicken offering — has been weakening over recent years due to the increasing availability of free Web-based personal finance tracking and management tools through financial institutions and others. In addition, the demand for Internet advertising on Web sites like Quicken.com has declined precipitously. We must identify and capitalize on additional sources of revenue for our personal finance business to continue to grow that business and we face the risk that any approach that we take to increase revenue for this business may not succeed.

[Table of Contents](#)**ITEM 7A
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 specifies that, except for direct obligations of the United States government and money market or cash management funds, we diversify our holdings and limit our short-term investments with any individual issuer to a maximum of \$5.0 million in each of our three managed portfolios. The following table of our short-term investments portfolio is classified by the original maturity date listed on the security and reflects instruments with both taxable and tax-exempt interest rates.

Principal Amounts by Stated Maturity

(In thousands, except interest rates)	Years Ending July 31,					Total	Fair Value July 31, 2003
	2004	2005	2006	2007	2008 and Thereafter		
Cash Equivalents	\$147,536	—	—	—	—	\$ 147,536	\$ 147,536
Average Interest Rate	1.16%	—	—	—	—	1.16%	
Short-term Investments	\$241,110	\$270,900	\$3,088	\$9,400	\$512,260	\$1,036,758	\$1,036,758
Average Interest Rate	1.75%	1.33%	1.30%	0.88%	0.92%	1.22%	
Total Portfolio	\$388,646	\$270,900	\$3,088	\$9,400	\$512,260	\$1,184,294	\$1,184,294
Average Interest Rate	1.52%	1.33%	1.30%	0.88%	0.92%	1.21%	

Interest Rate Risk

Our cash equivalents and short-term investment portfolio are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents and short-term investments and the value of those investments.

Over the past few years, we have experienced significant reductions in our interest income due to declines in interest rates. These declines have led to interest rates that are low by historical standards and we do not believe that further decreases in interest rates will have a material impact on the interest income earned on our cash equivalents and short-term investments held at July 31, 2003.

Impact of Foreign Currency Rate Changes

We translate foreign currencies (primarily Canadian dollars and British pounds) into U.S dollars for financial reporting purposes. Accordingly, currency fluctuations can have an impact on our financial results, though the historical impact has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant primarily because our global subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. There was a nominal currency exchange impact from our intercompany transactions for fiscal 2001 and 2002. Due to the effect of the weakening U.S. dollar on intercompany balances with our Canadian subsidiary, we recorded foreign currency exchange gains of \$5.4 million in fiscal 2003. Although the impact of currency fluctuations on our financial results has generally been immaterial in the past and we believe that for the reasons cited above currency fluctuations will not be significant in the future, there can be no guarantee that the impact of currency fluctuations will not be material in the future. As of July 31, 2003, we did not engage in foreign currency hedging activities.

[Table of Contents](#)

ITEM 8

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

	<u>Page</u>
Report of Ernst & Young LLP, Independent Auditors	54
Consolidated Balance Sheets as of July 31, 2003 and 2002	55
Consolidated Statements of Operations for each of the three years in the period ended July 31, 2003	56
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended July 31, 2003	57
Consolidated Statements of Cash Flows for each of the three years in the period ended July 31, 2003	58
Notes to Consolidated Financial Statements	59

2. INDEX TO FINANCIAL STATEMENT SCHEDULES

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

<u>Schedule</u>		<u>Page</u>
II	Valuation and Qualifying Accounts	94

All other schedules not listed above have been omitted because they are inapplicable or are not required.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Intuit Inc.

We have audited the accompanying consolidated balance sheets of Intuit Inc. as of July 31, 2002 and 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of Intuit's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intuit Inc. at July 31, 2002 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As disclosed in Note 1 and Note 4 of the consolidated financial statements, on August 1, 2002 Intuit Inc. changed its method of accounting for goodwill and other purchased intangible assets.

/s/ ERNST & YOUNG LLP

San Francisco, California
August 15, 2003

INTUIT INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)	July 31, 2002	July 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 408,948	\$ 170,043
Short-term investments	815,342	1,036,758
Marketable securities	16,791	865
Customer deposits	300,409	306,007
Accounts receivable, net of allowance for doubtful accounts of \$5,696 and \$5,409, respectively	51,999	88,156
Income taxes receivable	2,187	—
Deferred income taxes	67,799	34,824
Prepaid expenses and other current assets	49,581	32,217
Amounts due from discontinued operations entities	241,616	—
	<hr/>	<hr/>
Total current assets	1,954,672	1,668,870
Property and equipment, net	179,122	188,253
Goodwill, net	428,948	591,091
Purchased intangibles, net	125,474	125,445
Long-term deferred income taxes	176,553	183,061
Loans to executive officers and other employees	21,270	19,690
Other assets	37,654	13,857
Net long-term assets of discontinued operations	4,312	—
	<hr/>	<hr/>
Total assets	\$2,928,005	\$2,790,267
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 71,069	\$ 56,786
Accrued compensation and related liabilities	87,426	118,678
Payroll service obligations	300,381	306,007
Deferred revenue	147,120	178,840
Income taxes payable	—	76,725
Other current liabilities	66,090	59,129
Net current liabilities of discontinued operations	7,688	—
	<hr/>	<hr/>
Total current liabilities	679,774	796,165
Long-term obligations	32,592	29,265
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value		
Authorized — 1,345 shares total; 145 shares designated Series A; 250 shares designated Series B Junior Participating		
Issued and outstanding — None	—	—
Common stock, \$0.01 par value		
Authorized — 750,000 shares		
Issued and outstanding — 211,164 and 199,472 shares, respectively	2,112	1,995
Additional paid-in capital	1,844,595	1,919,559
Treasury shares, at cost	(126,107)	(672,326)
Deferred compensation	(12,628)	(25,850)
Accumulated other comprehensive income (loss)	(3,675)	(789)
Retained earnings	511,342	742,248
	<hr/>	<hr/>
Total stockholders' equity	2,215,639	1,964,837
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$2,928,005	\$2,790,267

See accompanying notes.

INTUIT INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal		
	2001	2002	2003
(In thousands, except per share amounts)			
Net revenue:			
Product	\$ 805,684	\$ 977,528	\$1,157,943
Service	216,544	273,575	423,548
Other	73,834	61,125	69,252
Total net revenue	1,096,062	1,312,228	1,650,743
Cost and expenses:			
Cost of revenue:			
Cost of product revenue	135,559	157,373	173,800
Cost of service revenue	108,349	107,634	149,538
Cost of other revenue	25,952	24,366	20,626
Amortization of purchased software	14,949	12,423	13,796
Customer service and technical support	137,171	164,875	178,949
Selling and marketing	217,769	263,721	324,389
Research and development	196,119	198,471	255,821
General and administrative	93,508	109,076	148,855
Charge for purchased research and development	238	2,151	8,859
Charge (credit) for vacant facilities	—	13,237	(1,069)
Acquisition-related charges (includes impairment charges of \$78,686 in 2001 and \$22,006 in 2002)	247,806	181,401	33,947
Loss on impairment of long-lived asset	—	27,000	—
Total costs and expenses	1,177,420	1,261,728	1,307,511
Income (loss) from continuing operations	(81,358)	50,500	343,232
Interest and other income	57,593	27,276	38,694
Gains (losses) on marketable securities and other investments, net	(98,053)	(15,535)	10,912
Gains (losses) on divestiture of businesses, net	(15,315)	8,308	—
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	(137,133)	70,549	392,838
Income tax (benefit) provision	(12,477)	16,934	129,636
Net income (loss) from continuing operations before cumulative effect of accounting change	(124,656)	53,615	263,202
Discontinued operations, net of income taxes (Note 9):			
Net income from Quicken Loans discontinued operations	20,972	47,100	—
Gain on disposal of Quicken Loans discontinued operations	—	23,300	5,556
Net income from Intuit KK discontinued operations	6,577	16,145	3,267
Gain on disposal of Intuit KK discontinued operations	—	—	71,009
Net income from discontinued operations	27,549	86,545	79,832
Cumulative effect of accounting change, net of income taxes of \$9,543	14,314	—	—
Net income (loss)	\$ (82,793)	\$ 140,160	\$ 343,034
Basic net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.60)	\$ 0.25	\$ 1.28
Basic net income per share from discontinued operations	0.13	0.41	0.39
Cumulative effect of accounting change per share	0.07	—	—
Basic net income (loss) per share	\$ (0.40)	\$ 0.66	\$ 1.67
Shares used in basic per share amounts	207,959	211,794	205,294
Diluted net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.60)	\$ 0.24	\$ 1.25
Diluted net income per share from discontinued operations	0.13	0.40	0.38
Cumulative effect of accounting change per share	0.07	—	—
Diluted net income (loss) per share	\$ (0.40)	\$ 0.64	\$ 1.63
Shares used in diluted per share amounts	207,959	217,897	210,955

See accompanying notes.

INTUIT INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands)	Common Stock Shares	Amount	Additional Paid In Capital	Treasury Stock	Deferred Compensation	Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2000	204,299,955	\$2,043	\$1,519,650	\$ (134)	\$ (26,522)	\$ 55,586	\$ 520,666	\$2,071,289
Components of comprehensive loss:								
Net loss	—	—	—	—	—	—	(82,793)	(82,793)
Other comprehensive loss, net of tax	—	—	—	—	—	(27,406)	—	(27,406)
Comprehensive loss, net of tax								(110,199)
Issuance of common stock upon exercise of options and other	5,201,860	52	82,024	—	—	—	—	82,076
Issuance of common stock pursuant to Employee Stock Purchase Plan	469,873	5	14,719	—	—	—	—	14,724
Stock repurchase	(239,542)	(2)	—	(8,363)	—	—	—	(8,365)
Issuance of common stock pursuant to acquisitions	794,093	7	44,779	—	—	—	—	44,786
Tax benefit from employee stock option transactions	—	—	59,546	—	—	—	—	59,546
Deferred stock compensation	—	—	2,667	—	(2,667)	—	—	—
Amortization of deferred compensation	—	—	—	—	7,469	—	—	7,469
Balance at July 31, 2001	210,526,239	2,105	1,723,385	(8,497)	(21,720)	28,180	437,873	2,161,326
Components of comprehensive income:								
Net income	—	—	—	—	—	—	140,160	140,160
Other comprehensive loss, net of tax	—	—	—	—	—	(31,855)	—	(31,855)
Comprehensive income, net of tax								108,305
Issuance of common stock upon exercise of options and other	5,961,223	60	(10,178)	193,010	—	—	(66,691)	116,201
Issuance of common stock pursuant to Employee Stock Purchase Plan	583,991	6	10,178	7,656	—	—	—	17,840
Stock repurchase	(7,361,839)	(74)	—	(318,276)	—	—	—	(318,350)
Issuance of common stock pursuant to acquisitions	1,454,027	15	67,964	—	—	—	—	67,979
Tax benefit from employee stock option transactions	—	—	53,246	—	—	—	—	53,246
Deferred stock compensation	—	—	—	—	(1,620)	—	—	(1,620)
Amortization of deferred compensation	—	—	—	—	10,712	—	—	10,712
Balance at July 31, 2002	211,163,641	2,112	1,844,595	(126,107)	(12,628)	(3,675)	511,342	2,215,639
Components of comprehensive income:								
Net income	—	—	—	—	—	—	343,034	343,034
Other comprehensive income, net of tax	—	—	—	—	—	2,886	—	2,886
Comprehensive income, net of tax								345,920
Issuance of common stock upon exercise of options and other	5,564,618	56	—	244,378	—	—	(107,146)	137,288
Issuance of common stock pursuant to Employee Stock Purchase Plan	476,454	5	—	23,550	—	—	(4,982)	18,573
Stock repurchase	(17,940,053)	(180)	—	(813,463)	—	—	—	(813,643)
Repurchase of vested restricted stock	(17,532)	—	—	(684)	—	—	—	(684)
Issuance of common stock pursuant to acquisitions	224,589	2	9,993	—	—	—	—	9,995
Tax benefit from employee stock option transactions	—	—	47,780	—	—	—	—	47,780
Restricted stock award	—	—	18,082	—	(18,082)	—	—	—
Reduction of deferred stock compensation due to stock option cancellations	—	—	(891)	—	891	—	—	—
Amortization of deferred compensation	—	—	—	—	3,969	—	—	3,969

Balance at July 31, 2003	<u>199,471,717</u>	<u>\$1,995</u>	<u>\$1,919,559</u>	<u>\$(672,326)</u>	<u>\$(25,850)</u>	<u>\$ (789)</u>	<u>\$ 742,248</u>	<u>\$1,964,837</u>
--------------------------	--------------------	----------------	--------------------	--------------------	-------------------	-----------------	-------------------	--------------------

See accompanying notes.

INTUIT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal		
	2001	2002	2003
Cash flows from operating activities:			
Net income (loss) from continuing operations	\$ (124,656)	\$ 53,615	\$ 263,202
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Acquisition-related charges	247,806	181,401	33,947
Amortization of purchased software	14,949	12,423	13,796
Amortization of other purchased intangible assets	—	—	2,677
Charge for purchased research and development	238	2,151	8,859
Amortization of deferred compensation not related to acquisitions	2,531	2,534	2,714
Depreciation	54,324	58,841	73,776
Loss on disposal of property and equipment	—	3,227	2,348
Charge (credit) for vacant facilities	—	13,237	(1,069)
Loss on impairment of long-lived asset	—	27,000	—
Net (gains) losses from marketable securities and other investments	98,053	15,535	(10,912)
Net (gains) losses on divestiture of businesses	15,315	(8,308)	—
Deferred income taxes	(72,952)	(21,575)	22,541
Tax benefit from employee stock options	59,546	53,246	47,780
Subtotal	295,154	393,327	459,659
Changes in operating assets and liabilities:			
Customer deposits	(27,460)	(50,938)	(5,598)
Accounts receivable	38,409	(11,520)	(31,672)
Income taxes receivable	—	(2,187)	2,187
Prepaid expenses and other current assets	(13,324)	(11,144)	23,446
Accounts payable	(20,252)	8,522	(14,968)
Accrued compensation and related liabilities	16,203	21,578	31,019
Payroll service obligations	28,069	51,087	5,626
Deferred revenue	29,591	12,488	24,429
Income taxes payable	(55,620)	(65,726)	82,590
Other current liabilities	(60,034)	(1,187)	(7,282)
Total changes in operating assets and liabilities	(64,418)	(49,027)	109,777
Net cash provided by operating activities	230,736	344,300	569,436
Cash flows from investing activities:			
Change in other assets	7,764	(9,582)	(122)
Purchases of property and equipment	(48,410)	(42,096)	(50,399)
Capitalization of internal use software	(23,441)	(21,323)	(34,345)
Proceeds from the sale of marketable securities	29,635	23,435	37,546
Purchases of short-term investments	(3,169,430)	(2,849,548)	(2,302,536)
Liquidation and maturity of short-term investments	3,104,983	3,152,256	2,078,044
Acquisitions of businesses, net of cash acquired	(198,062)	(284,065)	(214,807)
Purchases of long-term investments, net	(3,079)	—	—
Net cash used in investing activities	(300,040)	(30,923)	(486,619)
Cash flows from financing activities:			
Change in long-term obligations	(850)	(11,333)	(3,297)
Net proceeds from issuance of common stock	96,797	133,565	155,861
Purchase of treasury stock	(8,363)	(318,350)	(814,327)
Net cash provided by (used in) financing activities	87,584	(196,118)	(661,763)
Net cash provided by (used in) discontinued operations	(303,087)	225,210	341,372
Effect of foreign currency translation	2,538	(431)	(1,331)
Net increase (decrease) in cash and cash equivalents	(282,269)	342,038	(238,905)
Cash and cash equivalents at beginning of period	349,179	66,910	408,948
Cash and cash equivalents at end of period	\$ 66,910	\$ 408,948	\$ 170,043
Supplemental disclosure of cash flow information:			
Interest paid	\$ 3,149	\$ 1,768	\$ 890
Income taxes paid (refunded)	\$ 39,131	\$ 101,645	\$ (21,684)

See accompanying notes.

INTUIT INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. We have eliminated all intercompany balances and transactions in consolidation. We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation. As discussed in Note 9, the Quicken Loans mortgage business, which we sold on July 31, 2002, has been accounted for as discontinued operations in accordance with Accounting Principles Board (“APB”) Opinion No. 30. Also as discussed in Note 9, our Japanese subsidiary, Intuit KK, became a long-lived asset held for sale and a discontinued operation during the second quarter of fiscal 2003 in accordance with Statement of Financial Accounting Standards (“SFAS”) 144. The sale of Intuit KK closed on February 7, 2003. Accordingly, we have reclassified our consolidated financial statements for all periods presented to reflect Quicken Loans and Intuit KK as discontinued operations. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

Use of Estimates

We make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the disclosures made in the accompanying notes. For example, we use estimates in determining the fair value of undelivered elements in multiple element arrangements, in determining reserves for product returns and rebates, and in determining the collectibility of accounts receivable and the value of deferred tax assets. We use estimates to determine the remaining economic lives and carrying values of purchased intangible assets, property and equipment and other long-lived assets. We also use assumptions when employing the Black-Scholes valuation model to estimate the fair value of stock options granted for pro forma disclosures. See Note 1, “*Stock-Based Incentive Program*.” Despite our intention to establish accurate estimates and assumptions, actual results may differ from our estimates.

Net Revenue

We derive revenues from the sale of packaged software products and supplies, product support, professional services, outsourced payroll services and multiple element arrangements that may include any combination of these items. We recognize revenue for software products and related services in accordance with Statement of Position (“SOP”) 97-2, “*Software Revenue Recognition*,” as modified by SOP 98-9. For other offerings, we follow Staff Accounting Bulletin No. 101, “*Revenue Recognition in Financial Statements*.” We recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable.

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments until we ship the products or perform the services. Deferred revenue consisted of the following at the dates indicated:

	July 31,	
	2002	2003
(In thousands)		
Customer support	\$ 22,256	\$ 24,643
Payroll-related	42,985	68,117
Other deferred revenue and advance payments	81,879	86,080
	<u>\$147,120</u>	<u>\$178,840</u>

In accordance with the Financial Accounting Standard Board’s (“FASB’s”) Emerging Issues Task Force Issue No. 01-9, “*Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Product*,” we generally account for cash consideration (such as sales incentives) that we give to our customers or resellers as a reduction of revenue rather than as an operating expense.

Table of Contents

Product Revenue

We typically recognize revenue from the sale of our packaged software products and supplies when we ship the product. We sell some of our QuickBooks and Consumer Tax products on consignment to a limited number of resellers. We recognize revenue for these consignment transactions only when the end-user sale has occurred.

We reduce product revenue from distributors and retailers for estimated returns that are based on historical returns experience and other factors such as the volume and price mix of products in the retail channel, trends in retailer inventory and economic trends that might impact customer demand for our products. We also reduce product revenue for the estimated redemption of rebates on certain current product sales. Our estimated reserves for distributor and retailer sales incentive rebates are based on distributors' and retailers' actual performance against the terms and conditions of rebate programs, which we typically establish annually. End user rebate reserves are estimated based on the terms and conditions of the specific promotional rebate program, actual sales during the promotion, the amount of redemptions received and historical redemption trends by product and by type of promotional program.

Service Revenue

We recognize revenue from outsourced payroll processing and payroll tax filing services as the services are performed, provided we have no other remaining obligations to these customers. We generally require customers to remit payroll and payroll tax 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 when we collect these funds from customers and when we remit the funds to outside parties.

We offer several technical support plans and recognize support revenue over the life of the plans. Service revenue also includes revenue from consulting, training and Web services such as TurboTax for the Web and electronic tax filing services. We generally recognize revenue as these services are performed, provided that we have no other remaining obligations to these customers and that the services performed are not essential to the functionality of delivered products and services.

Other Revenue

Other revenue consists primarily of revenue sharing arrangements with third-party service providers and from online advertising agreements. We recognize transaction fees from revenue sharing arrangements as end-user sales are reported to us by these partners. We typically recognize revenue from online advertising agreements as the advertisements are served or pro rata based on the contractual time period, whichever is less.

Multiple Element Arrangements

We also enter into certain revenue arrangements for which we are obligated to deliver multiple products and/or services (multiple elements). For these arrangements, which generally include software products, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence ("VSOE") of fair value. VSOE is generally the price charged when that element is sold separately.

In situations where VSOE exists for all elements (delivered and undelivered), we allocate the total revenue to be earned under the arrangement among the various elements, based on their relative fair value. For transactions where VSOE exists only for the undelivered elements, we defer the full fair value of the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered items as revenue. If VSOE does not exist for undelivered items that are services, then we recognize the entire arrangement fee ratably over the remaining service period. If VSOE does not exist for undelivered elements that are specified products or features, we defer revenue until the earlier of the delivery of all elements or the point at which we determine VSOE for these undelivered elements.

We recognize revenue related to the delivered products or services only if: (1) the above revenue recognition criteria are met; (2) any undelivered products or services are not essential to the functionality of the delivered products and services; (3) payment for the delivered products or services is not contingent upon delivery of the remaining products or services; and (4) we have an enforceable claim to receive the amount due in the event that we do not deliver the undelivered products or services.

For arrangements where undelivered services are essential to the functionality of delivered software, we recognize both the product license revenues and service revenues under the percentage of completion contract method in accordance with the provisions of SOP 81-1, "*Accounting for Performance of Construction Type and Certain Production Type Contracts.*" We follow the percentage of completion method when reasonably dependable estimates of progress toward completion of a contract can be made. We estimate the percentage of completion on contracts using hours incurred to date as a percentage of the total estimated hours to complete the project. If we do

Table of Contents

not have a sufficient basis on which to measure progress toward completion, we recognize revenue using the completed contract method, when we receive final acceptance from the customer. To date, license and service revenues recognized pursuant to SOP 81-1 have not been significant.

Shipping and Handling Costs

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of product revenue on our statement of operations. Product revenue from shipping and handling totaled \$22.3 million in fiscal 2002, \$25.8 million in fiscal 2002 and \$29.5 million in fiscal 2003.

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, e-mail 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 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.

Software Development Costs

SFAS 86, "Accounting for Costs of Computer Software to be Sold, Leased, or otherwise Marketed," requires companies to expense software development costs as they incur them until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. To date, our software has been available for general release concurrent with the establishment of technological feasibility and, accordingly, we have not capitalized any development costs. SFAS 2, "Accounting for Research and Development Costs," establishes accounting and reporting standards for research and development. In accordance with SFAS 2, costs we incur to enhance our existing products or after the general release of the service using the product are expensed in the period they are incurred and included in research and development costs on our statement of operations.

We capitalize costs related to the development of computer software developed or obtained for internal use in accordance with the American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Software obtained for internal use has generally been enterprise level business and finance software that we customize to meet our specific operational needs. Costs incurred in the application development phase are capitalized and amortized over their useful lives, generally three years. We have not sold, leased or licensed software developed for internal use to our customers and we have no intention of doing so in the future.

Advertising

We expense advertising costs as we incur them. Advertising expense for fiscal 2001, 2002 and 2003 was approximately \$31.6 million, \$28.9 million and \$31.6 million.

Per Share Computations

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 are identical since the effect of common equivalent shares is anti-dilutive and therefore excluded.

For fiscal 2001, we excluded options to purchase 14.6 million shares of common stock from our diluted net loss per share computation because we experienced a net loss for the year. Our diluted net income per share computations for fiscal 2002 and 2003 included 6.1 million and 4.7 million common equivalent shares but did not include the effect of options to purchase 8.3 million and 8.8 million shares of common stock because the option exercise prices were greater than the average market price of our common stock.

[Table of Contents](#)

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. Cash equivalents consist primarily of money market funds in all periods presented. Short-term investments consist of available-for-sale debt securities that we carry at fair value. We include unrealized gains and losses on short-term investments, net of tax, in stockholders' equity. 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.

Restricted Cash

Restricted cash consists of cash and cash equivalents relating to product rebates due our customers, obligations to our employees under deferred compensation plans and amounts held in escrow for third parties in connection with acquisitions. Rebates due our customers are in cash on our balance sheet. Amounts due our employees under deferred compensation plans and amounts held in escrow are in other long-term assets on our balance sheet since we do not expect to pay these amounts out within one year. Restricted cash consisted of the following at the dates indicated:

	July 31,	
	2002	2003
(In thousands)		
Product rebates due customers	\$ 7,594	\$ 4,045
Amounts due employees under deferred compensation plans	343	5,673
Escrow funds held in connection with acquisitions	5,800	2,499
	<u>\$13,737</u>	<u>\$12,217</u>

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and are not interest bearing. We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables. We review our accounts receivable by aging category to identify specific customers with known disputes or collectibility issues. In determining the amount of the reserve, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We also consider our historical level of credit losses and current economic trends that might impact the level of future credit losses.

Marketable Securities and Other Long-term Investments

We classify our marketable securities as available-for-sale, carry them at fair value and include unrealized gains and losses on them, net of tax, in stockholders' equity. We use the specific identification method to account for gains and losses on marketable equity securities. We include realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities in gains (losses) on marketable securities and other investments, net on our statement of operations. Our other long-term investments consist primarily of equity investments in privately held companies and are stated at cost, adjusted for declines in fair value that are considered other-than-temporary.

Investments in which we intend to maintain more than a temporary 20% to 50% interest, or over which we otherwise have the ability to exercise significant influence, are accounted for under the equity method. Investments in which we have less than a 20% interest and over which we do not have the ability to exercise significant influence are carried at the lower of cost or estimated realizable value. We monitor both equity and cost basis investments for other than temporary declines in value and make reductions in carrying values when appropriate.

[Table of Contents](#)

Derivative Instruments and Change in Accounting Principle

In May 1999, we completed a \$50.0 million investment (970,813 shares) in Security First Technologies, now known as S1 Corporation. 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. We adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," in fiscal 2001. Accordingly, we recognize all derivatives as either assets or liabilities on our balance sheet and measure those instruments at fair value. In August 2000, we recorded the cumulative effect of the change in accounting for derivatives on our 4.8 million S1 options held in long-term investments. This resulted in a one-time gain of \$14.3 million, net of income taxes totaling \$9.5 million, and reduced the basic and diluted net loss per share for fiscal 2001 by \$0.07 per share. Subsequent fluctuations in the fair value of these options were included in our net income (loss) until we sold them. For fiscal 2001, these fluctuations resulted in a loss of \$9.7 million net of income taxes, which increased the basic and diluted net loss per share for the period by \$0.05 per share. During the first quarter of fiscal 2002, we sold these options and recorded a realized loss of \$1.9 million.

Customer Deposits and Payroll Service Obligations

Customer deposits represent cash held on behalf of our payroll customers. Payroll service obligations consist primarily of payroll taxes we owe on behalf of our payroll customers.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. We calculate depreciation using the straight-line method over the estimated useful lives of the assets, which range from three to 30 years. We amortize leasehold improvements using the straight-line method over the lesser of their estimated useful lives or remaining lease terms.

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. In previous fiscal years, including fiscal 2002, we generally amortized goodwill on a straight-line basis over periods ranging from three to five years. However, in accordance with SFAS 142, "Goodwill and Other Intangible Assets," we did not amortize goodwill for acquisitions completed after June 30, 2001, and effective August 1, 2002 we no longer amortized goodwill for acquisitions completed before July 1, 2001. We amortize the cost of identified intangible assets on a straight-line basis over periods ranging from one to 10 years.

We regularly perform reviews to determine if the carrying values of our long-lived assets are impaired. In accordance with SFAS 142, we review goodwill and other intangible assets that have indefinite useful lives for impairment at least annually, or more frequently if an event occurs indicating the potential for impairment. In accordance with SFAS 144, we review intangible assets that have definite useful lives and other long-lived assets when an event occurs indicating the potential for impairment. In our reviews, we look for facts or circumstances, either internal or external, indicating that we may not recover the carrying value of the asset. We measure impairment losses related to long-lived assets based on the amount by which the carrying amounts of these assets exceed their fair values. Our measurement of fair value is generally based on an analysis of the present value of estimated future discounted cash flows. Our analysis is 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.

Concentration of Credit Risk and Significant Customers and Suppliers

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 significant balance of short-term investments. Our portfolio of short-term investments consists primarily of investment-grade securities. Except for direct obligations of the United States government and money market or cash management funds, we diversify our short-

[Table of Contents](#)

term investments by limiting our holdings with any individual issuer to a maximum of \$5.0 million in each of our three managed portfolios.

We sell a significant portion of our products through third-party retailers and distributors. As a result, we face risks related to the collectibility of our accounts receivable. To appropriately manage this risk, we perform ongoing evaluations of customer credit and limit the amount of credit extended as we deem appropriate but generally 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.

Due to changes in our distribution arrangements during fiscal 2002, we are selling an increasing proportion of our software products directly to a variety of retailers rather than through a few major distributors. No distributor or individual retailer accounted for 10% or more of total net revenue in fiscal 2001, 2002 or 2003, nor did any customer account for 10% or more of accounts receivable at July 31, 2002 or July 31, 2003. Amounts due from Rock Acquisition Corporation under certain licensing and distribution agreements comprised 10.8% of accounts receivable at July 31, 2003. See Note 9.

We rely on three third-party vendors to perform substantially all outsourced aspects of manufacturing and distribution for our primary desktop software products. We also have a key single-source vendor for our financial supplies business that prints and fulfills orders for all of our checks and most other products for our financial supplies business. While we believe that relying heavily on key vendors improves the efficiency and reliability of our business operations, relying on any one vendor for a significant aspect of our business can have a significant negative impact on our revenue and profitability if that vendor fails to perform at acceptable service levels for any reason, including financial difficulties of the vendor.

Foreign Currency

The functional currency of all our foreign subsidiaries is the local currency. Assets and liabilities of our foreign subsidiaries are translated at the exchange rate on the balance sheet date. Revenue, costs and expenses are translated at average rates of exchange in effect during the year. We report translation gains and losses as a separate component of stockholders' equity. We include net gains and losses resulting from foreign exchange transactions on our statement of operations. We recorded net gains from foreign exchange transactions of \$0.1 million in fiscal 2001, \$1.0 million in fiscal 2002 and \$5.4 million in fiscal 2003.

Stock-Based Incentive Programs

We provide equity incentives to our employees (including those we hire as a result of acquisitions) and to our Board members. We apply the intrinsic value recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for stock-based incentives. Accordingly, we are not required to record compensation expense when stock options are granted to eligible participants as long as the exercise price is not less than the fair market value of the stock when the option is granted. We are also not required to record compensation expense in connection with our Employee Stock Purchase Plan as long as the purchase price of the stock is not less than 85% of the lower of the fair market value of the stock at the beginning of each offering period or at the end of each purchase period.

In October 1995 the FASB issued SFAS 123, "Accounting for Stock-Based Compensation," and in December 2002 the FASB issued SFAS 148, "Accounting for Stock-Based Compensation — Transition and Disclosure." Although these pronouncements allow us to continue to follow the APB 25 guidelines and not record compensation expense for most employee stock-based awards, we are required to disclose our pro forma net income or loss and net income or loss per share as if we had adopted SFAS 123 and SFAS 148. The pro forma impact of applying SFAS 123 and SFAS 148 in fiscal 2001, 2002 and 2003 does not necessarily represent the pro forma impact in future years.

To determine the pro forma impact, we have employed the widely-used Black-Scholes model to estimate the fair value of options granted. This valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective assumptions including the expected stock price volatility. Because our outstanding stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect this estimate, we believe the Black-Scholes model does not provide a reliable single measure of the fair value of our stock options.

[Table of Contents](#)

Inputs used for the valuation model for fiscal years 2001, 2002 and 2003 are set forth in the table below. We base the volatility factor on the historical volatility of our stock over the most recent five-year period, which is approximately equal to the maximum expected life of our options.

	Options			Employee Stock Purchase Plan		
	Fiscal			Fiscal		
	2001	2002	2003	2001	2002	2003
Expected life from vest (years)	1.73 - 4.73	1.89 - 4.89	1.91 - 4.94	0.50	1.00	1.00
Expected volatility factor	0.76	0.74	0.77 - 0.78	0.76	0.74	0.78
Risk-free interest rate (%)	3.51 - 6.03	1.23 - 5.47	1.03 - 4.95	3.47 - 5.84	1.80 - 2.70	0.72 - 1.23
Expected dividend yield (%)	—	—	—	—	—	—

The following table illustrates the effect on our net income or loss and net income or loss per share if we had applied the fair value recognition provisions of SFAS 123 and SFAS 148 to stock-based incentives using the Black Scholes valuation model. For purposes of this reconciliation, we add back to previously reported net income or loss all stock-based incentive expense we have recorded that relates to acquisitions. We then deduct the pro forma stock-based incentive expense determined under the fair value method for all awards including those that relate to acquisitions. The pro forma stock-based incentive expense has no impact on our cash flow. In the future, we may elect, or be required, to use a different valuation model, which could result in a significantly different impact on our pro forma net income or loss.

	Fiscal		
	2001	2002	2003
(In thousands, except per share amounts)			
Net income (loss)			
Net income (loss), as reported	\$ (82,793)	\$140,160	\$343,034
Add: Stock-based incentive expense included in reported net income (loss), net of income taxes	2,963	5,192	753
Deduct: Total stock-based incentive expense determined under fair value method for all awards, net of income taxes	(105,639)	(94,726)	(84,384)
Pro forma net income (loss)	<u>\$(185,469)</u>	<u>\$ 50,626</u>	<u>\$259,403</u>
Net income (loss) per share			
Basic — as reported	\$ (0.40)	\$ 0.66	\$ 1.67
Basic — pro forma	<u>\$ (0.89)</u>	<u>\$ 0.24</u>	<u>\$ 1.26</u>
Diluted — as reported	\$ (0.40)	\$ 0.64	\$ 1.63
Diluted — pro forma	<u>\$ (0.89)</u>	<u>\$ 0.23</u>	<u>\$ 1.23</u>

The weighted average fair values of options granted during fiscal 2001, 2002 and 2003 were approximately \$21.77, \$20.31 and \$22.20.

Recent Accounting Pronouncements

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." Issue 00-21 provides guidance on accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of Issue 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We do not believe that the adoption of Issue 00-21 will have a material effect on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires us to consolidate a variable interest entity if we are subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either does not have

[Table of Contents](#)

equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Some of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We anticipate that the adoption of FIN 46 will not have a material impact on our financial position, results of operations or cash flows.

In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." Statement 149 is intended to result in more consistent reporting of contracts as either freestanding derivative instruments subject to Statement 133 in its entirety, or as hybrid instruments with debt host contracts and embedded derivative features. In addition, Statement 149 clarifies the definition of a derivative by providing guidance on the meaning of initial net investments related to derivatives. Statement 149 is effective for contracts entered into or modified after June 30, 2003. We do not believe the adoption of Statement 149 will have a material effect on our consolidated financial position, results of operations or cash flows.

In May 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." Statement 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. Statement 150 represents a significant change in practice in the accounting for a number of financial instruments, including mandatorily redeemable equity instruments and certain equity derivatives that are frequently used in connection with share repurchase programs. We do not use such instruments in our share repurchase program. Statement 150 is effective for all financial instruments created or modified after May 31, 2003, and to other instruments as of September 1, 2003. We adopted Statement 150 on June 1, 2003 and do not believe the effect of adopting this statement will have a material impact on our financial position, results of operations or cash flows.

2. Short-Term Investments

As discussed in Note 1, "Concentration of Credit Risk and Significant Customers and Suppliers," our portfolio of short-term investments consists primarily of investment-grade securities. Except for direct obligations of the United States government and money market or cash management funds, we diversify our short-term investments by limiting our holdings with any individual issuer to a maximum of \$5.0 million in each of our three managed portfolios.

The following schedule summarizes the estimated fair value of our short-term investments at the dates indicated:

	July 31,	
	2002	2003
(In thousands)		
Corporate notes	\$ 24,405	\$ 50,471
Municipal bonds	780,914	931,374
U.S. government securities	10,023	54,913
	<u>\$815,342</u>	<u>\$1,036,758</u>

[Table of Contents](#)

The following table summarizes the estimated fair value of our available-for-sale debt securities held in short-term investments classified by the stated maturity date of the security:

	July 31,	
	2002	2003
(In thousands)		
Due within one year	\$230,716	\$ 241,110
Due within two years	141,942	270,900
Due within three years	—	3,088
Due after three years	442,684	521,660
	<u>\$815,342</u>	<u>\$1,036,758</u>

Realized gains and losses from the sale of short-term investments were not material for fiscal 2001, 2002 and 2003.

3. Property and Equipment

Property and equipment consisted of the following at the dates indicated:

	Life in Years	July 31,	
		2002	2003
(Dollars in thousands)			
Equipment	3-5	\$ 181,007	\$ 215,605
Computer software	3	60,461	99,258
Furniture and fixtures	5	27,230	28,930
Leasehold improvements	Note 1	69,059	69,291
Land	NA	2,167	2,287
Buildings	30	24,342	25,875
Capital in progress	—	18,016	22,267
		<u>382,282</u>	<u>463,513</u>
Less accumulated depreciation and amortization		<u>(203,160)</u>	<u>(275,260)</u>
		<u>\$ 179,122</u>	<u>\$ 188,253</u>

Capital in progress consists primarily of costs related to internal use software projects. As discussed in Note 1, "Software Development Costs," we capitalize costs related to the development of computer software for internal use in accordance with SOP 98-1. During fiscal 2002 and 2003, we capitalized a total of \$21.3 million and \$34.3 million of internal use software costs. These amounts included \$12.9 million and \$18.0 million in capitalized labor costs for those periods. Costs related to internal use software projects are included in the capital in progress category of property and equipment until project completion, at which time they are transferred to the computer software category and amortized on a straight-line basis over their useful lives, generally three years.

4. Goodwill and Intangible Assets

As discussed in Note 1, we adopted SFAS 142 on August 1, 2002. As a result, goodwill is no longer amortized but is subject to annual impairment tests. Most other intangible assets continue to be amortized over their estimated useful lives. In accordance with the provisions of SFAS 142, effective August 1, 2002 we transferred the net balance of \$1.9 million for assembled workforce to goodwill and no longer amortize that intangible asset. In connection with the transitional goodwill impairment evaluation provisions of SFAS 142, we performed a goodwill impairment review as of August 1, 2002 and found no impairment. We also performed our annual goodwill impairment review as of May 31, 2003 and found no impairment.

[Table of Contents](#)

A reconciliation of previously reported financial results to amounts that would have been reported if the non-amortization provisions of SFAS 142 had been in effect from the beginning of fiscal 2001 is as follows:

	Fiscal		
	2001	2002	2003
(In thousands, except per share amounts; adjusted figures are unaudited)			
Net income (loss) from continuing operations before cumulative effect of accounting change			
As reported	\$(124,656)	\$ 53,615	\$263,202
Goodwill and assembled workforce amortization, net of income taxes	92,040	82,161	—
Adjusted	\$ (32,616)	\$135,776	\$263,202
Net income (loss)			
As reported	\$ (82,793)	\$140,160	\$343,034
Goodwill and assembled workforce amortization, net of income taxes	92,040	82,161	—
Adjusted	\$ 9,247	\$222,321	\$343,034
Net income (loss) per share from continuing operations before cumulative effect of accounting change			
Basic — as reported	\$ (0.60)	\$ 0.25	\$ 1.28
Basic — adjusted	\$ (0.16)	\$ 0.64	\$ 1.28
Diluted — as reported	\$ (0.60)	\$ 0.24	\$ 1.25
Diluted — adjusted	\$ (0.16)	\$ 0.62	\$ 1.25
Net income (loss) per share			
Basic — as reported	\$ (0.40)	\$ 0.66	\$ 1.67
Basic — adjusted	\$ 0.04	\$ 1.05	\$ 1.67
Diluted — as reported	\$ (0.40)	\$ 0.64	\$ 1.63
Diluted — adjusted	\$ 0.04	\$ 1.02	\$ 1.63

Changes in the carrying value of goodwill by reportable segment during fiscal 2003 were as follows. Our reportable segments are described in Note 11.

(In thousands)	Balance July 31, 2002	Transfer Assembled Workforce	Goodwill Acquired/ Adjusted	Effect of Exchange Rates	Balance July 31, 2003
Small Business Products and Services	\$159,195	\$1,377	\$148,213	\$ —	\$308,785
Consumer Tax	3,308	—	7,896	—	11,204
Professional Accounting Solutions	90,079	428	—	—	90,507
Vertical Business Management Solutions	171,520	—	(998)	—	170,522
Other Businesses	4,846	95	4,729	403	10,073
	\$428,948	\$1,900	\$159,840	\$ 403	\$591,091

[Table of Contents](#)

Purchased intangible assets consisted of the following at the dates indicated:

(Dollars in thousands)	Life in Years	July 31, 2002	July 31, 2003
Customer lists	3-7	\$ 144,379	\$ 171,237
Less accumulated amortization		(75,317)	(105,771)
		69,062	65,466
Purchased technology	1-7	121,763	143,605
Less accumulated amortization		(79,894)	(93,694)
		41,869	49,911
Trade names and logos	1-10	16,555	17,199
Less accumulated amortization		(6,908)	(10,293)
		9,647	6,906
Covenants not to compete	3-5	7,399	9,410
Less accumulated amortization		(4,403)	(6,248)
		2,996	3,162
Assembled workforce	2-5	4,458	—
Less accumulated amortization		(2,558)	—
		1,900	—
Total intangible assets		294,554	341,451
Total accumulated amortization		(169,080)	(216,006)
Total net intangible assets		\$ 125,474	\$ 125,445

The increase in customer lists in fiscal 2003 was due primarily to our acquisition of the rights to brand and market our Premier payroll offering directly to the customers of that service. The increase in purchased technology in fiscal 2003 was due primarily to our acquisition of Blue Ocean Software, Inc. See Note 7.

We summarize the following expenses on the acquisition-related charges line of our statement of operations:

(In thousands)	Fiscal		
	2001	2002	2003
Amortization of goodwill	\$139,455	\$122,629	\$ —
Amortization of purchased intangible assets	24,649	28,112	32,692
Amortization of acquisition-related deferred compensation	4,938	8,654	1,255
Impairment charges	78,686	22,006	—
Other	78	—	—
Total acquisition-related charges	\$247,806	\$181,401	\$33,947

[Table of Contents](#)

At July 31, 2003, we expected annual amortization of our purchased intangible assets by fiscal year to be as shown in the following table. Amortization of purchased intangible assets is charged primarily to amortization of purchased software in cost of revenue and to acquisition-related charges in operating expenses on our statement of operations. Future acquisitions could cause these amounts to increase. In addition, if impairment events occur they could accelerate the timing of charges.

(Dollars in thousands)	Expected Amortization Expense
Fiscal year ending July 31,	
2004	\$ 38,180
2005	29,972
2006	24,903
2007	16,843
2008	9,234
Thereafter	6,313
Total expected future amortization expense	<u>\$125,445</u>

As discussed in Note 1, we regularly perform reviews to determine if the carrying values of our goodwill and intangible assets may be impaired. We look for the existence of facts and circumstances, either internal or external, which indicate that the carrying value of the asset may not be recovered.

Fiscal 2001

During fiscal 2001, events and circumstances indicated possible impairment of certain long-lived assets, consisting principally of acquired intangible assets and goodwill recorded in connection with our acquisitions of Venture Finance Software Corp. ("VFSC") in August 2000, SecureTax.com in August 1999 and Hutchison Avenue Software Corporation in August 1999. These indicators included the deterioration in the business climate for Web-based companies and management's intentions relating to the continuation of certain services provided by our Personal Finance segment.

We measured the impairment loss related to long-lived assets based on the amount by which the carrying amount of such assets exceeded their fair values. Our measurement of fair value was based on an analysis of the future discounted cash flows, as discussed in Note 1. In performing this analysis, we used the best information available in the circumstances, including reasonable and supportable assumptions and projections. The discounted cash flow analysis considered the likelihood of possible outcomes and was based on our best estimate of projected future cash flows. For VFSC, we considered the terminal value cash flows expected to result from the disposition of the assets at the end of their useful lives. The consideration from the disposition of a portion of VFSC, our Quicken Bill Manager business, assisted management in the determination of the fair value of the remaining assets. Based on our analysis as described above, we recorded impairment charges of \$51.0 million, \$26.0 million, and \$1.7 million to reduce the carrying value of the goodwill associated with VFSC, SecureTax and Hutchison. In the second quarter of fiscal 2002, we reduced the carrying value of the remaining VFSC goodwill to zero (see *Fiscal 2002* below).

Fiscal 2002

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 an Internet-based advertising business from VFSC in August 2000 (part of our Other Businesses segment) and the Site Solutions business that we acquired from Boston Light Corp. in August 1999 (part of our Small Business Products and Services segment).

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 transition 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.

[Table of Contents](#)

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.

5. Comprehensive Net Income (Loss)

SFAS 130, "Reporting Comprehensive Income," establishes standards for reporting and displaying comprehensive net income (loss) and its components in stockholders' equity. SFAS 130 requires the components of other comprehensive income (loss) such as changes in the fair value of available-for-sale securities and foreign translation adjustments to be added to our net income (loss) to arrive at comprehensive income (loss). Other comprehensive income (loss) items have no impact on our net income (loss) as presented on our statement of operations.

The components of accumulated other comprehensive income (loss), net of income taxes, were as follows:

(In thousands)	Marketable Securities	Short-term Investments	Foreign Currency Translation	Total
Balance at July 31, 2000	\$ 58,561	\$ —	\$(2,975)	\$ 55,586
Unrealized (loss) gain, net of income tax benefit of \$18,289 and provision of \$3,124	(27,433)	4,686	—	(22,747)
Reclassification adjustment for realized gain included in net loss, net of income tax benefit of \$4,780	(7,170)	—	—	(7,170)
Translation adjustment	—	—	2,511	2,511
Other comprehensive income (loss)	(34,603)	4,686	2,511	(27,406)
Balance at July 31, 2001	23,958	4,686	(464)	28,180
Unrealized losses, net of income tax benefits of \$18,082 and \$1,752	(27,123)	(2,628)	—	(29,751)
Reclassification adjustment for realized gain included in net income, net of income tax benefit of \$1,120	(1,680)	—	—	(1,680)
Translation adjustment	—	—	(424)	(424)
Other comprehensive loss	(28,803)	(2,628)	(424)	(31,855)
Balance at July 31, 2002	(4,845)	2,058	(888)	(3,675)
Unrealized gain, net of income tax provision of \$8,582	12,873	—	—	12,873
Unrealized loss, net of income tax benefit of \$1,230	—	(1,845)	—	(1,845)
Reclassification adjustment for realized gain included in net income, net of income tax benefit of \$5,282	(7,923)	—	—	(7,923)
Translation adjustment	—	—	(219)	(219)
Other comprehensive income (loss)	4,950	(1,845)	(219)	2,886
Balance at July 31, 2003	\$ 105	\$ 213	\$(1,107)	\$ (789)

6. Deferred Compensation

When we assume unvested stock options in connection with acquisitions, we record deferred stock-based compensation as a reduction of stockholders' equity. The amount recorded is equal to the difference between the exercise price of the unvested options and the fair market value of Intuit stock as of the closing date of the acquisition. When we grant restricted stock to employees that is subject to vesting, we also record deferred stock-based compensation equal to the difference between the purchase price and the fair market value of the stock at the date of grant. Deferred stock-based compensation is amortized straight-line over the vesting term of these options and restricted stock awards.

The following table summarizes the activity in deferred stock-based compensation:

	Fiscal		
	2001	2002	2003
(In thousands)			
Beginning balance	\$26,522	\$ 21,720	\$12,628
Deferred stock-based compensation:			
Restricted stock award	—	—	18,082
Deferred stock compensation	2,667	1,620	—
Deferred stock cancellation	—	—	(891)
Total deferred stock-based compensation	2,667	1,620	17,191
Amortization of deferred stock-based compensation:			
General and administrative expense	(2,531)	(2,534)	(2,714)
Acquisition-related charges	(4,938)	(8,654)	(1,255)
Total amortization of deferred stock-based compensation	(7,469)	(11,188)	(3,969)
Other	—	476	—
Ending balance	\$21,720	\$ 12,628	\$25,850

7. Acquisitions

The acquisitions described below have been accounted for as purchase transactions and, accordingly, the results of operations and financial position of the acquired businesses are included in Intuit's consolidated financial statements from the date of acquisition. We allocate the difference between the purchase price and the net book value of acquired tangible assets between identified intangible assets and goodwill. Identified intangible assets consist of customer lists, covenants not to compete, purchased technology and trade names and logos.

Fiscal 2001

In fiscal 2001, we purchased Venture Finance Software Corp. for approximately \$118.0 million in cash. We also purchased EmployeeMatters, Inc., in exchange for approximately \$41.9 million in Intuit common stock, the elimination of approximately \$8.0 million in bridge loans we extended to EmployeeMatters prior to the closing, and the assumption of approximately \$3.4 million in liabilities. We acquired substantially all of the assets of Tax Accounting and Software Corporation for \$63.0 million in cash and the assumption of approximately \$7.8 million in liabilities.

Fiscal 2002

In November 2001, we acquired substantially all of the assets of OMware, Inc. for \$35.5 million or 924,973 shares of Intuit common stock, approximately \$2.1 million in the assumption of debt and bridge loans and up to \$8 million in Intuit common stock to be issued contingent upon the achievement of future performance objectives by the business unit. OMware was branded as Intuit Construction Business Solutions and became part of our Vertical Business Management Solutions business segment. ICBS provides business management software solutions for construction companies. We allocated approximately \$8.5 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$27.1 million as goodwill. The identified intangible assets are being amortized over five years.

[Table of Contents](#)

In May 2002, we purchased all of the outstanding stock of The Flagship Group for approximately \$23.3 million or 455,259 shares of Intuit common stock, the assumption of \$4.7 million in debt and \$3.3 million in cash. Flagship was the parent company of American Fundware, Inc., which was branded as Intuit Public Sector Solutions and became part of our Vertical Business Management Solutions business segment. IPSS offers financial accounting solutions for nonprofit organizations, universities and government agencies. In connection with the agreement, we also assumed Flagship's outstanding employee stock options for 1,204,000 shares of Flagship common stock, which were converted into options to purchase 130,316 shares of Intuit common stock. We allocated approximately \$4.2 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$29.6 million as goodwill. The identified intangible assets are being amortized over terms ranging from three to 12 years.

In June 2002, we acquired all of the outstanding stock of CBS Employer Services, Inc. for approximately \$75.3 million in cash (of which \$25.4 million and \$16.5 million was unpaid but accrued at July 31, 2002 and 2003) and \$3.2 million or 73,795 shares of Intuit common stock. CBS is a provider of full-service outsourced payroll functions for small businesses and became part of our Small Business Products and Services business segment. In connection with the agreement, we also assumed CBS's outstanding employee stock options for 665,504 shares of CBS common stock, which were converted into options to purchase 193,891 shares of Intuit common stock. We allocated approximately \$9.3 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$74.8 million as goodwill. The identified intangible assets are being amortized over terms ranging from five to six years. In fiscal 2003, we reduced the goodwill related to this acquisition by \$2.6 million to reflect revisions to our restructuring plan and other acquisition-related adjustments.

In July 2002, we purchased all of the outstanding stock of Management Reports, Inc. for approximately \$92.2 million in cash. MRI was branded as MRI Real Estate Solutions and became part of our Vertical Business Management Solutions business segment. MRI Real Estate Solutions provides business management software solutions for commercial and residential property managers. We allocated approximately \$14.0 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$73.4 million as goodwill. The identified intangible assets are being amortized over terms ranging from five to seven years.

In July 2002, we acquired substantially all of the assets of Eclipse, Inc. for approximately \$88.3 million in cash. Eclipse was branded as Intuit Distribution Management Solutions and became part of our Vertical Business Management Solutions business segment. IDMS provides business management software solutions for wholesale durable goods distributors. We allocated approximately \$35.8 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$41.4 million as goodwill. The identified intangible assets are being amortized over terms ranging from one to seven years.

[Table of Contents](#)

The following table shows a reconciliation of previously reported financial results to amounts that would have been reported if we had completed our fiscal 2002 acquisitions on August 1, 2000. Because the pro forma acquisition date is prior to June 30, 2001, these figures include the effects of amortization of goodwill and other identified intangible assets from the date of acquisition through July 31, 2002. Under the provisions of SFAS 142, we stopped amortizing goodwill on August 1, 2002. This unaudited summary information is presented for illustrative purposes and is not necessarily indicative of results that would have actually occurred had these acquisitions taken place at the beginning of fiscal 2001.

	Fiscal	
	2001	2002
(In thousands, except per share amounts; adjusted figures are unaudited)		
Net revenue		
As reported	\$1,096,062	\$1,312,228
Fiscal 2002 acquisitions	107,520	97,663
Adjusted	<u>\$1,203,582</u>	<u>\$1,409,891</u>
Net income (loss) from continuing operations before cumulative effect of accounting change		
As reported	\$ (124,656)	\$ 53,615
Fiscal 2002 acquisitions	8,118	5,763
Amortization of goodwill and intangible assets	(61,631)	(59,774)
Adjusted	<u>\$ (178,169)</u>	<u>\$ (396)</u>
Net income (loss)		
As reported	\$ (82,793)	\$ 140,160
Fiscal 2002 acquisitions	8,118	5,763
Amortization of goodwill and intangible assets	(61,631)	(59,774)
Adjusted	<u>\$ (136,306)</u>	<u>\$ 86,149</u>
Net income (loss) per share from continuing operations before cumulative effect of accounting change		
Basic — as reported	\$ (0.60)	\$ 0.25
Basic — adjusted	<u>\$ (0.86)</u>	<u>\$ (0.00)</u>
Diluted — as reported	\$ (0.60)	\$ 0.24
Diluted — adjusted	<u>\$ (0.86)</u>	<u>\$ (0.00)</u>
Net income (loss) per share		
Basic — as reported	\$ (0.40)	\$ 0.66
Basic — adjusted	<u>\$ (0.66)</u>	<u>\$ 0.41</u>
Diluted — as reported	\$ (0.40)	\$ 0.64
Diluted — adjusted	<u>\$ (0.66)</u>	<u>\$ 0.40</u>

Fiscal 2003

In September 2002, we acquired all of the outstanding stock of Blue Ocean Software, Inc. for approximately \$177.3 million in cash. We paid \$16.5 million of the purchase price into a third-party escrow account, to be held for a maximum of 18 months pending the finalization of certain financial calculations that may affect the purchase price.

[Table of Contents](#)

To date, there have been no material adjustments to the purchase price. Blue Ocean offers software solutions that help businesses manage their information technology resources and assets. We acquired this company as part of our Right for My Business strategy to offer business solutions that go beyond accounting software to address a wider range of management challenges that small businesses face. Blue Ocean was branded as Intuit Information Technology Solutions and became part of our Small Business Products and Services business segment. We allocated approximately \$13.2 million of the purchase price to purchased technology and \$7.8 million to in-process research and development, which was charged to expense in the first quarter of fiscal 2003. We recorded the excess purchase price of \$150.8 million as goodwill. The purchased technology is being amortized over six years. Blue Ocean's results of operations for periods prior to the date of acquisition were not material when compared to our consolidated results.

In the past, we marketed and sold our Premier payroll offering jointly with Wells Fargo Bank. In February 2003, we acquired for \$29.2 million in cash the rights to brand and market the offering directly to Premier payroll customers who currently use Intuit's service. As a result of this agreement, we no longer pay royalties to Wells Fargo on Premier payroll revenue. We recorded the purchase price as a purchased intangible asset and are amortizing it on a straight-line basis to cost of service revenue over five years, the estimated useful life of the customer base. Total accumulated amortization for this asset was \$2.7 million at July 31, 2003.

In July 2003, we acquired all of the outstanding stock of Income Dynamics, Inc. for approximately \$10.0 million or 224,589 shares of Intuit common stock and \$0.3 million in cash. Income Dynamics offers software that provides tools for taxpayers to determine the fair market value of items donated to charities. Income Dynamics became part of our Consumer Tax business segment. We allocated approximately \$3.2 million of the purchase price to identified intangible assets and recorded the excess purchase price of \$7.9 million as goodwill. The identified intangible assets are being amortized over terms ranging from two to five years. Income Dynamics' results of operations for periods prior to the date of acquisition were not material when compared to our consolidated results.

Purchase prices for the acquisitions described above have been allocated on the basis of their fair values on the acquisition dates as follows:

	Fiscal	
	2002	2003
(In thousands)		
Tangible assets	\$ 88,290	\$ 15,478
Intangible assets:		
Goodwill	246,542	160,658
Customer lists	38,295	25,018
Purchased technology	30,197	22,263
Trade names and logos	7,251	493
Covenant not to compete	1,595	1,750
Deferred revenue	(10,873)	(7,290)
Assumption of debt/bridge loans	(6,840)	(545)
Accrued restructuring	(4,212)	(597)
Acquisition costs	(2,570)	(689)
Other liabilities	(63,916)	5,314
In-process research and development	2,151	8,859
	<u>\$325,910</u>	<u>\$230,712</u>
Cash consideration paid and cash consideration payable	\$259,551	\$220,717
Stock consideration paid and fair value of stock options assumed	66,359	9,995
	<u>\$325,910</u>	<u>\$230,712</u>

Deferred stock compensation is recorded in stockholders' equity and is being amortized over the vesting period of the applicable options using the straight-line method. Until July 31, 2002, goodwill was amortized over estimated useful lives that ranged from three to five years. We implemented SFAS 142 on August 1, 2002 and as a result no longer amortize goodwill. We amortize most other intangible assets over their estimated useful lives, which range from one to 10 years. See Note 1 and Note 4.

[Table of Contents](#)

The following table presents acquired goodwill by reportable business segment.

	Fiscal		
	2001	2002	2003
(In thousands)			
Small Business Products and Services	\$ 32,808	\$ —	\$149,031
Consumer Tax	—	—	7,896
Professional Accounting Solutions	53,801	—	—
Vertical Business Management Solutions	—	244,147	(998)
Other Businesses	95,149	2,395	4,729
	<u>\$181,758</u>	<u>\$246,542</u>	<u>\$160,658</u>

Of the total goodwill acquired, \$148,950, \$115,031 and \$818 were deductible for income tax purposes in fiscal 2001, 2002 and 2003.

8. Divestitures

In January 2001, we sold certain assets of our Quicken Insurance business to InsWeb Corporation for approximately \$10.8 million of InsWeb common stock. As a result of the divestiture, we recorded a pre-tax gain of \$1.6 million and a related tax provision of \$0.6 million in fiscal 2001.

In May 2001, we sold the stock of Venture Finance Software Corp., which held the technology assets of our Quicken Bill Manager business, to Princeton eCom Corporation. In exchange for these assets, Intuit was entitled to receive, at Princeton eCom's election, either approximately 20% of Princeton eCom fully diluted common stock or cash payments of a minimum of \$37.0 million or a combination of stock and cash. In connection with this disposition, we recorded a pre-tax loss of \$16.9 million and a related tax benefit of \$6.4 million in fiscal 2001. At July 31, 2001, these contractual rights were valued at \$27.0 million. In fiscal 2002, we determined that this asset was impaired and recorded a charge to reduce the carrying value of our investment to its fair value of zero. See Note 10.

In March 2002, we paid \$12.0 million to terminate our remaining \$20.3 million obligation under an interactive services agreement related to our Quicken Bill Manager business. We recorded a pre-tax gain of \$8.3 million and related tax expense of \$2.7 million in fiscal 2002 in connection with the termination of this agreement.

9. Discontinued Operations

Quicken Loans

In July 2002, we sold 87.5% of our Quicken Loans mortgage business to Rock Acquisition Corporation. We retained a 12.5% non-voting equity interest in Rock, which we accounted for on a cost basis. In October 2002, we sold our minority interest in Rock to Rock's majority shareholders and recorded a \$5.6 million gain on the transaction.

In connection with the sale, we received a five-year secured promissory note in the principal amount of \$23.3 million with market interest rates, which was recorded as a long-term note receivable at July 31, 2002. The sale resulted in a pre-tax gain of \$23.3 million on the disposal of discontinued operations in the fourth quarter of fiscal 2002. In October 2002, we received payment in full of the \$23.3 million promissory note and related accrued interest due from Rock.

We accounted for the sale of Quicken Loans as discontinued operations in accordance with APB Opinion No. 30. The net assets, operating results and cash flows of Quicken Loans have been segregated from continuing operations on our balance sheets, statements of operations and statements of cash flows for all periods prior to the sale.

As part of the sale transaction, we also agreed to provide a line of credit of up to \$375.0 million to fund mortgage loans for a transition period of up to six months. The line of credit was secured by the related mortgage loans and the interest rate was based on the six-month LIBOR rate plus 1.5%. At July 31, 2002, the balance outstanding on this line of credit was \$245.6 million and was included on our balance sheet under amounts due from discontinued operations entities. The line was repaid in full in January 2003.

[Table of Contents](#)

Concurrent with the sale, Rock licensed the right to use our Quicken Loans trademark for its residential home loan and home equity loan products. We also entered into a five-year distribution agreement with Rock through which it will provide mortgage services on Quicken.com. We will receive a minimum royalty of \$1.75 million a year for five years under the licensing agreement and minimum fees of \$0.75 million a year under the distribution agreement. The royalties from the licensing agreement and the fees from the distribution agreement are recorded as earned and included in interest and other income on our statement of operations. For fiscal 2003, we recorded royalties of \$1.75 million under the trademark licensing agreement and fees of \$8.3 million under the distribution agreement. Fees due from Rock under these agreements totaled \$9.5 million at July 31, 2003 and are included in accounts receivable on our balance sheet.

Intuit KK

In February 2003, we sold all of the outstanding stock of our wholly owned Japanese subsidiary, Intuit KK, to Advantage Partners, Inc., a private equity investment firm located in Japan, for 9.5 billion yen or approximately \$79.0 million. Intuit KK was part of our Other Businesses business segment. In accordance with the provisions of SFAS 144, "Accounting for the Impairment or Disposal of Long-lived Assets," we accounted for the sale as discontinued operations. The net assets, operating results and cash flows of Intuit KK have therefore been segregated from continuing operations on our balance sheets, statements of operations and statements of cash flows for all periods prior to the sale. We recorded a gain on disposal of discontinued operations of \$71.0 million, net of income taxes of \$5.1 million, in the third quarter of fiscal 2003.

Discontinued Operations Net Revenue and Income Before Income Taxes

Discontinued operations net revenue and income before income taxes for the periods presented were as follows:

	Fiscal		
	2001	2002	2003
(In thousands)			
Net revenue from discontinued operations			
Quicken Loans	\$ 113,056	\$ 189,222	\$ —
Intuit KK	52,343	46,120	26,641
Total net revenue from discontinued operations	\$ 165,399	\$ 235,342	\$ 26,641
Income from discontinued operations before income taxes			
Quicken Loans	\$ 34,010	\$ 73,610	\$ —
Intuit KK	6,581	14,390	5,633
Total income from discontinued operations before income taxes	\$ 40,591	\$ 88,000	\$ 5,633

10. Loss on Impairment of Long-lived Asset

In connection with the sale of our Quicken Bill Manager business in May 2001, we acquired a \$27.0 million long-term asset related to future consideration from Princeton eCom. See Note 8. During fiscal 2002, events and circumstances indicated impairment of this asset. These indicators included the deterioration of Princeton eCom's financial position and the decreased likelihood that it would receive future funding. Based on our analysis we determined that the fair value of this asset was impaired and recorded a charge of \$27.0 million in fiscal 2002 to reduce its carrying value to zero.

11. Industry Segment and Geographic Information

SFAS 131, “*Disclosures about Segments of an Enterprise and Related Information*,” establishes standards for the way in which public companies disclose certain information about operating segments in their financial reports. Consistent with SFAS 131, we have defined six reportable segments, described below, based on factors such as how we manage our operations and how our chief operating decision maker views results. We define the chief operating decision maker as our chief executive officer, our chief financial officer, certain vice presidents reporting directly to our chief executive officer and our Board of Directors.

In fiscal 2003, we revised our reportable segments to reflect the way we currently manage and view our businesses. We determined that the QuickBooks product component of our fiscal 2002 Small Business segment was a separate reportable segment and we combined our fiscal 2002 Employer Services segment with the balance of Small Business to arrive at the fiscal 2003 segment called Small Business Products and Services. We began reporting Vertical Business Management Solutions (formerly Small Business Verticals) as a separate segment in fiscal 2003. Finally, we combined our fiscal 2002 Personal Finance and Global Business segments to arrive at the fiscal 2003 segment called Other Businesses. In addition, in fiscal 2003 we no longer allocated certain operating costs to our reporting segments, and we changed the way in which we allocated other operating costs between reporting segments. We have therefore reclassified previously reported fiscal 2002 and 2001 segment results to conform to the fiscal 2003 presentation.

All reportable segments except Small Business Products and Services, Vertical Business Management Solutions and Other Businesses operate solely in the United States. All segments sell primarily to customers located in the United States. International total net revenue was less than 5% of consolidated total net revenue for all periods presented.

QuickBooks product revenue is derived primarily from QuickBooks desktop software products. QuickBooks service revenue is derived from QuickBooks Online Edition.

Small Business Products and Services product revenue is comprised of QuickBooks Do-It-Yourself Payroll, financial supplies and information technology management software. Service revenue for this segment is derived primarily from outsourced payroll services and from QuickBooks support plans. Other revenue for this segment consists of royalties from small business online transactions.

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer desktop tax return preparation software. Consumer Tax service revenue is derived primarily from TurboTax for the Web online tax return preparation services and consumer electronic filing services. Other revenue for this segment is nominal.

Professional Accounting Solutions product revenue is derived primarily from ProSeries and Lacerte professional tax preparation software products. Professional Accounting Solutions service revenue is derived primarily from electronic filing and training services.

Vertical Business Management Solutions (“VBMS”) revenue is derived from four businesses that we acquired in fiscal 2002 that provide small business management solutions for selected industries, which we call “Verticals.” Those businesses are Intuit Distribution Management Solutions, MRI Real Estate Solutions, Intuit Construction Business Solutions and Intuit Public Sector Solutions. VBMS product revenue is derived from business management software for these industries. VBMS service revenue consists primarily of technical support, consulting and training services.

Other Businesses consist primarily of Personal Finance and Canada. Personal Finance product revenue is derived primarily from Quicken desktop software products. Personal Finance service revenue is nominal while other revenue consists of fees from consumer online transactions and Quicken.com advertising revenue. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as QuickTax and TaxWiz consumer desktop tax return preparation software and ProFile professional tax preparation products. Service revenue in Canada consists primarily of revenue from software maintenance contracts sold with QuickBooks.

Corporate includes costs such as corporate general and administrative expenses that are not allocated to specific segments. Corporate also includes reconciling items such as acquisition-related costs (which include acquisition-related charges, amortization of purchased software and charges for purchased research and development), realized net gains or losses on marketable securities and interest and other income.

[Table of Contents](#)

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 1. Except for goodwill and purchased intangible assets, we do not generally track assets by reportable segment and, consequently, we do not disclose assets by reportable segment.

The following tables show our financial results by reportable segment for fiscal 2001, 2002 and 2003.

Fiscal 2001	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
<i>(In thousands)</i>								
Product revenue	\$164,151	\$180,265	\$168,169	\$169,856	\$ —	\$123,243	\$ —	\$ 805,684
Service revenue	24	90,712	100,536	11,060	—	14,212	—	216,544
Other revenue	—	19,063	3,423	—	—	51,348	—	73,834
Total net revenue	164,175	290,040	272,128	180,916	—	188,803	—	1,096,062
Segment operating income	49,741	99,037	145,853	86,471	—	8,499	—	389,601
Common expenses	—	—	—	—	—	—	(207,966)	(207,966)
Subtotal	49,741	99,037	145,853	86,471	—	8,499	(207,966)	181,635
Acquisition-related costs	—	—	—	—	—	—	(262,993)	(262,993)
Realized net loss on marketable securities	—	—	—	—	—	—	(98,053)	(98,053)
Interest and other income	—	—	—	—	—	—	57,593	57,593
Net loss on divestitures	—	—	—	—	—	—	(15,315)	(15,315)
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	\$ 49,741	\$ 99,037	\$145,853	\$ 86,471	\$ —	\$ 8,499	\$(526,734)	\$ (137,133)

[Table of Contents](#)

Fiscal 2002	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
(In thousands)								
Product revenue	\$194,794	\$205,701	\$219,403	\$219,252	\$ 8,915	\$129,463	\$ —	\$ 977,528
Service revenue	321	125,746	128,354	6,495	5,300	7,359	—	273,575
Other revenue	—	6,287	3,340	—	—	51,498	—	61,125
Total net revenue	195,115	337,734	351,097	225,747	14,215	188,320	—	1,312,228
Segment operating income (loss)	84,181	100,071	217,997	121,940	(6,032)	38,447	—	556,604
Common expenses	—	—	—	—	—	—	(283,129)	(283,129)
Subtotal	84,181	100,071	217,997	121,940	(6,032)	38,447	(283,129)	273,475
Acquisition-related costs	—	—	—	—	—	—	(195,975)	(195,975)
Loss on impairment of long-lived asset	—	—	—	—	—	—	(27,000)	(27,000)
Realized net loss on marketable securities	—	—	—	—	—	—	(15,535)	(15,535)
Interest and other income	—	—	—	—	—	—	27,276	27,276
Net gain on divestiture	—	—	—	—	—	—	8,308	8,308
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	\$ 84,181	\$100,071	\$217,997	\$121,940	\$(6,032)	\$ 38,447	\$(486,055)	\$ 70,549
Fiscal 2003								
Fiscal 2003	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
(In thousands)								
Product revenue	\$239,333	\$258,845	\$243,712	\$239,285	\$35,526	\$141,242	\$ —	\$1,157,943
Service revenue	3,497	175,719	176,567	4,134	59,109	4,522	—	423,548
Other revenue	—	20,328	2,618	—	191	46,115	—	69,252
Total net revenue	242,830	454,892	422,897	243,419	94,826	191,879	—	1,650,743
Segment operating income (loss)	92,543	163,345	271,587	141,343	(8,477)	57,840	—	718,181
Common expenses	—	—	—	—	—	—	(318,347)	(318,347)
Subtotal	92,543	163,345	271,587	141,343	(8,477)	57,840	(318,347)	399,834
Acquisition-related costs	—	—	—	—	—	—	(56,602)	(56,602)
Realized net gain on marketable securities	—	—	—	—	—	—	10,912	10,912
Interest and other income	—	—	—	—	—	—	38,694	38,694
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	\$ 92,543	\$163,345	\$271,587	\$141,343	\$(8,477)	\$ 57,840	\$(325,343)	\$ 392,838

[Table of Contents](#)

12. Other Current Liabilities

Other current liabilities at July 31, 2002 and 2003 were as follows:

	July 31,	
	2002	2003
(In thousands)		
Reserve for product returns	\$32,095	\$34,406
Reserve for rebates	11,764	10,401
Acquisition-related items	12,201	2,619
Other accruals	10,030	11,703
	\$66,090	\$59,129

See Note 13 for more information about the short-term portion of the CBS Employer Services acquisition accrual that was part of acquisition-related items in other current liabilities at July 31, 2002.

13. Commitments

Reserve for Vacant Facilities

During the third quarter of fiscal 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 by subleasing the vacant space. The resulting \$13.2 million charge to our statement of operations was equal to the remaining future lease commitments for these facilities, net of estimated future sublease income. The estimated costs of abandoning these leased facilities reflected management's best estimates based on market information and trend analyses we compiled.

We evaluate our assumptions quarterly for any potentially significant change to our vacancy reserves. During the fourth quarter of fiscal 2003, we decided that based on corporate growth requirements and the current real estate market in the San Francisco Bay Area, we would reoccupy one of these two vacant buildings. As a result of this change in estimate, we reversed the remaining \$1.9 million reserve for the lease obligations on that building to our statement of operations. At the same time, we added \$1.4 million to the reserve for the other vacant Mountain View building to reflect our revised estimate of future sublease income for that facility. Based on revised estimates, we also reversed approximately \$0.6 million in reserves related to various smaller facilities for a total credit for vacant facilities of \$1.1 million to our statement of operations in the fourth quarter of fiscal 2003.

Our actual future cash payments may exceed the total Mountain View reserve balance at July 31, 2003 by a maximum of \$2.8 million if we are unable to sublease the remaining reserved Mountain View property. We expect to use the total reserve by the end of fiscal 2010. Activity in the reserve for vacant Mountain View facilities for the fiscal years ended July 31, 2002 and 2003 was as follows:

	Fiscal	
	2002	2003
(In thousands)		
Beginning balance	\$ —	\$12,478
Additions to reserve	13,237	1,352
Cash lease payments applied against the reserve	(759)	(2,257)
Release of reserve	—	(1,872)
Ending balance	\$12,478	\$ 9,701
Short-term portion of reserve in other current liabilities	\$ 2,073	\$ 1,394
Long-term portion of reserve in long-term obligations	10,405	8,307
Total reserve	\$12,478	\$ 9,701

[Table of Contents](#)

CBS Employer Services Acquisition Accrual

We acquired CBS Employer Services, Inc. in the fourth quarter of fiscal 2002. See Note 7. In connection with this acquisition, we recorded a total accrual of \$26.4 million that included \$21.6 million for purchase price deferrals and \$4.8 million for restructuring and transaction costs. In fiscal 2003, we reduced the restructuring accrual by \$3.4 million and reduced the goodwill related to this acquisition by the same amount to reflect revisions to our restructuring plan. Activity in this reserve for fiscal 2002 and 2003 was as follows:

(In thousands)	Balance at Beginning of Period	Additions to Reserve	Cash Payments Applied Against Reserve	Adjustments to Reserve	Balance at End of Period
Fiscal 2002					
Non-compete clause	\$ —	\$ 1,700	\$ —	\$ —	\$ 1,700
Purchase price deferrals	—	14,043	(900)	—	13,143
Shareholder escrow	—	5,800	—	—	5,800
Restructuring and transaction costs	—	4,818	(102)	—	4,716
	<u>\$ —</u>	<u>\$26,361</u>	<u>\$(1,002)</u>	<u>\$ —</u>	<u>\$25,359</u>
Fiscal 2003					
Non-compete clause	\$ 1,700	\$ —	\$ —	\$ —	\$ 1,700
Purchase price deferrals	13,143	—	(796)	959	13,306
Shareholder escrow	5,800	—	(3,301)	—	2,499
Restructuring and transaction costs	4,716	—	(1,335)	(3,381)	—
	<u>\$25,359</u>	<u>\$ —</u>	<u>\$(5,432)</u>	<u>\$(2,422)</u>	<u>\$17,505</u>

The short-term and long-term components of this reserve and their location on our balance sheet were as follows at the dates indicated:

	Fiscal	
	2002	2003
Short-term portion of reserve in other current liabilities	\$ 7,377	\$ —
Long-term portion of reserve in long-term obligations	17,982	17,505
Total reserve	<u>\$25,359</u>	<u>\$17,505</u>

Operating Leases

Intuit leases office facilities and equipment under various operating lease agreements. The leases provide for annual rent increases of up to 10%. Annual minimum commitments under these leases are shown in the table below. The table includes leases for two vacant facilities in Mountain View, California and excludes any potential future sublease income for those facilities. See “Reserve for Vacant Facilities” above.

Fiscal Year	Commitments
(Dollars in thousands)	
2004	\$ 24,651
2005	25,745
2006	24,126
2007	22,643
2008	16,645
Thereafter	68,952
	<u>\$182,762</u>

[Table of Contents](#)

Total lease expense for fiscal 2001, 2002 and 2003 was approximately \$23.2 million, \$23.9 million, and \$27.3 million. Lease expense does not include a charge for vacant facilities of \$13.2 million in fiscal 2002 and a credit for vacant facilities of \$1.1 million in fiscal 2003. See “Reserve for Vacant Facilities” above.

14. Income Taxes

Income (loss) from continuing operations before income taxes and cumulative effect of accounting change included income from foreign operations of \$4.6 million and \$8.0 million for fiscal 2001 and 2002 and a loss from foreign operations of \$0.7 million for fiscal 2003. The provision (benefit) for income taxes from continuing operations consisted of the following:

	Fiscal		
	2001	2002	2003
(In thousands)			
Current:			
Federal	\$ 46,025	\$ 29,970	\$ 92,249
State	10,200	7,917	5,721
Foreign	4,699	3,752	2,371
	<u>60,924</u>	<u>41,639</u>	<u>100,341</u>
Deferred:			
Federal	(63,900)	(21,617)	33,107
State	(9,501)	(3,088)	(3,812)
	<u>(73,401)</u>	<u>(24,705)</u>	<u>29,295</u>
Total provision (benefit) for income taxes from continuing operations before cumulative effect of accounting change	<u>\$ (12,477)</u>	<u>\$ 16,934</u>	<u>\$ 129,636</u>

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

	Fiscal		
	2001	2002	2003
(In thousands)			
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	\$(137,133)	\$ 70,549	\$392,838
Statutory federal income tax	\$ (47,997)	\$ 24,692	\$137,493
State income tax, net of federal benefit	699	4,829	1,909
Federal research and experimental credits	(4,000)	(4,000)	(6,262)
Non-deductible merger related charges	49,407	16,759	2,726
Tax exempt interest	(13,633)	(8,710)	(4,271)
Tax benefit related to divestiture	—	(25,770)	(2,228)
Other, net	3,047	9,134	269
Total	<u>\$ (12,477)</u>	<u>\$ 16,934</u>	<u>\$ 129,636</u>

Tax savings from deductions associated with our various stock option plans are not reflected in the current federal and state provisions. Savings were approximately \$59.5 million in fiscal 2001, \$53.2 million in fiscal 2002 and \$47.8 million in fiscal 2003. These amounts were credited to stockholders' equity and reduced taxes payable.

[Table of Contents](#)

Significant deferred tax assets were as follows:

	July 31,	
	2002	2003
(In thousands)		
Deferred tax assets:		
Accruals and reserves not currently deductible	\$ 48,494	\$ 45,860
NOL and tax credits carryforward	25,594	29,703
Unrealized loss on marketable securities	9,326	17,714
Merger charges	141,950	120,082
Fixed asset adjustments	18,735	10,826
Other, net	7,012	1,173
	-----	-----
Total deferred tax assets	251,111	225,358
Valuation reserve	(6,759)	(7,473)
	-----	-----
Total deferred tax assets, net of valuation reserve	\$244,352	\$217,885
	=====	=====

We have provided a valuation reserve related to the benefits of losses in our foreign subsidiaries and certain state capital loss carryforwards that we believe are unlikely to be realized. The valuation allowance did not change in fiscal 2001, decreased by \$4.7 million in fiscal 2002 and increased by \$0.7 million in fiscal 2003.

At July 31, 2003, we had U.S. federal and foreign net operating loss carryforwards of approximately \$16.4 million and \$2.6 million. These net operating losses will expire at various dates beginning in fiscal 2011 if not utilized. At July 31, 2003, we also had various state tax credit carryforwards totaling approximately \$22.7 million. The state credit carryforwards have no expiration date. Utilization of the net operating loss and credit carryforwards may be subject to substantial annual limitation due to ownership change limitations provided by the Internal Revenue Code of 1986, as amended. The annual limitation may result in the expiration of net operating losses before utilization.

15. Stockholders' Equity

Stock Option Plans

Our 1993 Equity Incentive Plan terminated on January 18, 2002 when our stockholders approved our 2002 Equity Incentive Plan to replace the 1993 Plan. When the 1993 Plan terminated, all outstanding options under the 1993 Plan remained in effect in accordance with their terms. There were 3,809,906 shares available for grant under the 1993 Plan at its termination. We transferred 1,900,000 of these shares to our new 2002 Plan to be available for grant under that plan. The remaining 1,909,906 shares ceased to be available for grant under any of our equity compensation plans. Under the 1993 Plan, we were permitted to grant incentive and non-qualified stock options, restricted stock awards, stock bonuses and performance awards to employees, directors, consultants, and independent contractors of and advisors to Intuit. The Compensation and Organizational Development Committee of the Board of Directors or its delegates determined who would receive grants, exercisability, exercise price and other terms. The option exercise price was generally the fair market value at the date of grant. The outstanding options generally vest over four years based on continued service and expire after ten years.

Under the 2002 Plan, we may grant incentive and non-qualified stock options, restricted stock awards and stock bonuses to employees, directors, consultants, and independent contractors of and advisors to Intuit. The Compensation and Organizational Development Committee of the Board of Directors or its delegates determines who will receive grants, exercisability, exercise price and other terms. The option exercise price is generally the fair market value at the date of grant. During fiscal 2002, Intuit changed its standard option vesting schedule for the 2002 Plan so that future options granted generally become exercisable over a three-year period based on continued service and expire seven years after the grant date. Prior to that change, options vested over four years and expired ten years after the grant date. During fiscal 2003, we launched a mandatory share ownership program. Under this program all senior vice presidents, the executive vice president and Board members are required to hold a minimum of 3,000 shares by the later of May 2006 or three years from the date the individual becomes subject to the share ownership program. The chief executive officer is required to hold 100,000 shares. To provide an incentive to the senior vice presidents and the executive vice president, we implemented a matching unit component to the share

[Table of Contents](#)

ownership program. Under this matching unit program, we grant one share under a stock bonus award under the 2002 Plan, up to a maximum of 1,500 shares, for each two shares one of these officers purchases during the next three years. These matching units vest as to 100% of the shares subject to the stock bonus award four years after grant, or earlier on the officer's retirement, death or disability. We record deferred compensation expense for these matching units based on the fair value of the award at the date of grant and recognize compensation expense at the time the matching units vest. We awarded a total of 2,849 matching units during fiscal 2003.

On October 7, 1996, we adopted the 1996 Directors Stock Option Plan. This plan provides for non-qualified stock options for a specified number of shares to be granted to all non-employee directors of Intuit. As of December 2002, Board members who serve on the Audit Committee, Compensation and Organizational Development Committee and Nominating and Governance Committee receive additional annual grants. The option exercise price equals the fair market value at the date of grant. Most options are subject to vesting over time based on continued service, with vesting periods ranging from one to four years. All options expire after ten years.

On November 11, 1998, we adopted the 1998 Option Plan for Mergers and Acquisitions. Under the 1998 Plan, we may grant non-qualified stock options to individuals who we hire as a result of our acquisitions of, or mergers with, other companies. The 1998 Plan was designed to meet the "broadly based plans" exemption from the stockholder approval requirement for stock option plans under the Nasdaq Stock Market listing requirements at the time the plan was adopted and, accordingly, has not been submitted to Intuit stockholders for approval. Options under the 1998 Plan can only be granted to eligible individuals within 18 months following the completion of the relevant acquisition or merger. Options granted to officers hired as a result of a merger or acquisition cannot exceed 45% of all shares reserved for grant under the 1998 Plan. Options granted under the 1998 Plan cannot have an exercise price that is less than the fair market value of Intuit's common stock on the date of grant. During fiscal 2002, Intuit changed its standard option vesting schedule for the 1998 Plan so that future options granted generally become exercisable over a three-year period based on continued service and expire seven years after the grant date. Prior to that change, options generally vested over four years and expired ten years after the grant date.

In addition, in several instances we have assumed the outstanding options of companies that we acquired. Intuit granted no further options under the acquired companies' option plans after the date of acquisition. We assumed options in connection with our acquisitions of EmployeeMatters, Inc. in January 2001, The Flagship Group in May 2002 and CBS Employer Services, Inc. in June 2002.

[Table of Contents](#)

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

	Options Outstanding			
	Shares Available for Grant	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price Per Share
Balance at July 31, 2000	11,093,956	31,272,225	\$0.003 - \$72.31	\$ 23.43
Additional shares authorized	9,825,000	—	—	—
Options assumed related to acquisitions	74,235	—	—	—
Options converted related to acquisitions	(74,235)	74,235	0.18 - 71.92	9.19
Options granted	(12,556,801)	12,556,801	24.88 - 67.50	40.94
Options exercised	—	(5,201,860)	0.003 - 51.06	15.69
Options canceled or expired:				
Options canceled or expired and returned to option pool	2,676,348	(2,676,348)	7.25 - 67.50	34.65
Options canceled from expired plans	191,220	(191,220)	0.18 - 51.69	33.33
Options removed from shares available for grant	(191,220)	—	—	—
Balance at July 31, 2001	11,038,503	35,833,833	\$0.003 - \$72.31	\$ 29.77
Additional shares authorized	8,090,000	—	—	—
Options assumed related to acquisitions	324,207	—	—	—
Options converted related to acquisitions	(324,207)	324,207	6.93 - 43.10	26.26
Options granted	(8,887,021)	8,887,021	7.29 - 67.50	39.03
Options exercised	—	(5,961,223)	0.03 - 49.31	19.07
Options and shares canceled or expired:				
Options canceled or expired and returned to option pool	2,061,912	(2,061,912)	7.25 - 67.50	38.09
Options canceled from expired plans	2,364,140	(2,364,140)	0.18 - 67.50	36.58
Options and shares removed from shares available for grant (1)	(4,274,046)	—	—	—
Balance at July 31, 2002	10,393,488	34,657,786	\$0.003 - \$72.31	\$ 32.99
Additional shares authorized	5,000,000	—	—	—
Options granted	(6,148,327)	6,148,327	26.75 - 54.24	44.26
Restricted stock bonus awards granted	(427,849)	—	—	—
Options exercised	—	(5,564,618)	0.003 - 51.06	24.69
Options and shares canceled or expired:				
Options canceled or expired and returned to option pool	843,835	(843,835)	26.31 - 67.50	44.67
Options canceled from expired plans	1,402,864	(1,402,864)	0.18 - 67.50	42.08
Options removed from shares available for grant	(1,402,864)	—	—	—
Balance at July 31, 2003	9,661,147	32,994,796	\$ 0.18 - \$72.31	\$ 35.83

(1) Includes 2,364,140 shares reflecting options that were canceled and not returned to any option pool because they were granted under expired plans, and 1,909,906 shares that were eliminated from shares available for grant in connection with the termination of the 1993 Plan.

[Table of Contents](#)

We define net option grants as options granted less options canceled or expired and returned to the pool of options available for grant. We also monitor net option grants by subtracting from options granted both canceled or expired options that were returned to the pool of options available for grant and options canceled from expired plans. Net option grants under these two methods in shares and as a percentage of shares outstanding for fiscal 2001, 2002, and 2003 are shown in the following table.

	Fiscal		
	2001	2002	2003
Net option grants (shares)	9,880,453	6,825,109	5,304,492
Net option grants (%)	4.7%	3.2%	2.7%
Net option grants including options canceled from expired plans (shares)	9,689,233	4,460,969	3,901,628
Net option grants including options canceled from expired plans (%)	4.6%	2.1%	2.0%
Shares outstanding at July 31	210,526,239	211,163,641	199,471,717

There were 15,551,666, 18,264,940 and 19,789,835 options exercisable under our stock option plans at July 31, 2001, 2002 and 2003. At July 31, 2003, there were 7,280,237 shares available for grant under the 2002 Plan, 2,199,035 shares available for grant under the 1998 Plan and 181,875 shares available for grant under the 1996 Directors Stock Option Plan.

The following table summarizes information about stock options outstanding as of July 31, 2003:

Options Outstanding				Options Exercisable	
Exercise Price	Number	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$0.18 - - \$13.04	3,283,564	3.81	\$ 8.80	3,257,349	\$ 8.81
13.04 - 26.31	3,664,668	5.43	19.93	3,512,974	19.73
26.75 - 29.38	3,386,432	6.59	28.77	2,728,274	28.63
29.85 - 35.00	4,103,907	7.19	32.91	2,913,588	32.84
35.31 - 37.26	3,965,644	7.89	36.98	1,797,349	36.85
38.05 - 42.25	2,886,575	7.54	40.11	1,386,767	39.93
42.27 - 43.98	3,942,507	6.83	42.79	606,768	43.46
44.13 - 50.00	3,851,226	6.63	46.21	949,239	47.19
51.06 - 64.81	2,393,587	6.89	56.87	1,577,691	57.45
67.50 - 72.31	1,516,686	6.83	67.61	1,059,836	67.64
	<u>32,994,796</u>	<u>6.56</u>	<u>\$ 35.83</u>	<u>19,789,835</u>	<u>\$ 31.68</u>

Distribution and Dilutive Effect of Options

The following table shows option grants to "Named Executives" and to all employees for the periods indicated. Named Executives are defined as the Company's chief executive officer and each of the four other most highly compensated executive officers during fiscal 2003.

[Table of Contents](#)

	Fiscal		
	2001	2002	2003
Net option grants during the period as a percentage of outstanding shares	4.7%	3.2%	2.7%
Grants to Named Executives during the period as a percentage of total options granted	6.7%	3.5%	8.9%
Grants to Named Executives during the period as a percentage of outstanding shares	0.4%	0.1%	0.3%
Options held by Named Executives as a percentage of total options outstanding	7.6%	9.0%	11.6%

Stock Repurchase Programs

In May 2001, Intuit's Board of Directors initiated Repurchase Plan I and authorized the Company to repurchase up to \$500.0 million of its common stock from time to time over a three-year period. In July 2002, our Board of Directors increased the authorized purchase amount by \$250.0 million to a total of \$750.0 million. Shares of stock repurchased under the program became treasury shares. The stock repurchase program was concluded in December 2002 when the authorized purchase amount under the program was reached.

In March 2003, Intuit's Board of Directors initiated Repurchase Plan II and authorized the Company to repurchase up to \$500.0 million of its common stock from time to time over a three-year period. Shares of stock repurchased under this program become treasury shares.

The following table summarizes our stock repurchase activity, including broker commissions, through July 31, 2003:

Fiscal Year	Plan I		Plan II		Total	
	Shares	Amount	Shares	Amount	Shares	Amount
<i>(Dollars in thousands)</i>						
2001	238,500	\$ 8,358	—	\$ —	238,500	\$ 8,358
2002	7,361,839	318,422	—	—	7,361,839	318,422
2003	9,002,244	423,211	8,937,809	390,432	17,940,053	813,643
	16,602,583	\$749,991	8,937,809	\$390,432	25,540,392	\$1,140,423

When we reissue treasury shares, if the proceeds from the sale are more than the average price we paid to acquire the shares we record an increase in additional paid-in capital. Conversely, if the proceeds from the sale are less than the average price we paid to acquire the shares, we record a decrease in additional paid-in capital to the extent of increases previously recorded for similar transactions and a decrease in retained earnings for any remaining amount.

Shares repurchased under the plans described above from the inception of the plans had no significant impact on our basic and diluted net income or loss per share in fiscal 2001 or 2002 while they increased our basic and diluted net income per share by \$0.13 and \$0.12 in fiscal 2003.

Employee Stock Purchase Plan

In October 1996, Intuit adopted an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code and reserved 3,800,000 shares of common stock for issuance under that Plan. Since its adoption, our stockholders have approved several share increases to the ESPP. At July 31, 2003, stockholders had approved a total of 4,900,000 shares for issuance under the ESPP. In July 2003, the ESPP was amended, subject to stockholder approval, to increase the number of shares of common stock reserved for issuance under the Plan by 500,000 shares to 5,400,000 shares. The ESPP has been amended twice to increase the frequency of new offering periods under the Plan as well as the frequency of share purchases in those offering periods. Effective after the June 2003 purchase, the ESPP's twelve-month rolling concurrent offering periods are now composed of four three-month accrual periods at the end of which eligible employees may purchase shares at a discount. The discount at which the employee will be able to purchase shares under the ESPP will depend on the offering period in which she or he is participating since each rolling twelve-month offering period will be in its first, second, third or fourth three-month accrual

Table of Contents

period. The purchase price will be 85% of the lower of the closing price for Intuit common stock on the first day of the twelve-month offering period in which the employee is participating or the last day of the three-month accrual period of that offering period. During fiscal 2001, 2002 and 2003 employees purchased 469,873, 583,991 and 476,454 shares of Intuit common stock under the ESPP. At July 31, 2003, there were 1,885,016 shares available for issuance under this Plan, not including the 500,000 shares that are pending stockholder approval.

16. Performance Sharing and Benefit Plans

Performance Sharing Plan

Intuit employees who are eligible for overtime pay are generally eligible to participate in Intuit's performance sharing plan. Prior to fiscal 2003, certain employees who were not eligible for overtime pay were eligible to participate in the performance sharing plan. Under the performance sharing plan, all eligible employees receive awards that are calculated as a percentage of the wages paid to them during six-month performance periods. The Compensation and Organizational Development Committee of the Board of Directors determines the percentage to be paid, which is the same for all eligible employees, for each performance period under the plan. Performance sharing expense for fiscal 2001, 2002 and 2003 was approximately \$21.9 million, \$17.6 million and \$5.3 million.

Intuit Performance Incentive Plan

In fiscal 2003 we initiated the Intuit Performance Incentive Plan, a broad-based incentive plan that replaced the Intuit Performance Sharing Plan for many Intuit employees. Most Intuit employees who are ineligible for overtime pay are eligible for the IPI Plan. The Compensation and Organizational Development Committee of the Board of Directors determines the aggregate amount to be paid under the IPI Plan each fiscal year. IPI Plan expense for fiscal 2003 was approximately \$65.0 million.

Executive Deferred Compensation Plan

Intuit adopted the Executive Deferred Compensation Plan effective March 15, 2002. The plan allows executives who meet minimum compensation requirements 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 after termination of their employment with Intuit for any reason. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death or a change of control of Intuit. We made no employer contributions to the plan during fiscal 2002 and \$0.2 million in employer contributions to the plan during fiscal 2003. During fiscal 2003, we also entered into several agreements in which we committed to make fully vested employer contributions on behalf of certain executives provided that they remain employed at Intuit on certain future dates. We held assets and liabilities of \$0.3 million at July 31, 2002 and \$5.7 million at July 31, 2003 related to this plan in other assets and in other current liabilities on our balance sheet.

Benefit Plans

Employees who participate in the Intuit 401(k) Plan may contribute up to 20% of pre-tax salary to the plan, subject to Internal Revenue Service limitations. Intuit matches a specified portion of the employee contributions up to a maximum amount per employee per year. The amount is subject to change on an annual basis. At July 31, 2002 and 2003, the match was 75%, up to \$2,500. Matching contributions were approximately \$6.9 million, \$8.4 million and \$10.9 million for fiscal 2001, 2002 and 2003. Participating employees age 50 or older may also make catch-up contributions. These contributions are not matched.

17. Stockholder Rights Plan

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

Table of Contents

(an “Acquiring Person”) acquires 20% or more of Intuit’s common stock, or announces an intention to make a tender offer for Intuit’s common stock, the consummation of which would result in a person or group becoming an Acquiring Person, then the rights will be distributed (the “Distribution Date”). After the Distribution Date, each right may be exercised for 1/3000th of a share of a newly designated Series B Junior Participating Preferred stock. In January 2003, the Board amended the rights plan to change the exercise price for the rights from \$83.33 per 1/3 of 1/1000th share to \$300.00 per 1/3 of 1/1000th share. The preferred stock has been structured so that the value of 1/3000th of a share of this preferred stock will approximate the value of one share of common stock. The rights will expire on May 1, 2008. In July 2002, we adopted a policy that requires an independent committee of our Board of Directors to review the rights plan at least once every three years to consider whether maintaining the rights plan continues to be in the best interests of Intuit and its stockholders.

18. 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 *Rubin* case was dismissed on November 19, 2001. 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, Central District 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. On January 6, 2003, a settlement between Intuit and the plaintiffs’ counsel in all of the remaining cases was preliminarily approved by the federal court with a final approval hearing scheduled for June 2003. The settlement was approved by the federal court in June 2003 and this and a related litigation in state court have been dismissed. The settlement terms are not material to Intuit.

Leonard Knable et al. v. Intuit Inc. was filed in Los Angeles County Superior Court on February 24, 2003. The lawsuit alleges various claims for unfair practices and deceptive and misleading advertising, fraud and deceit and product liability, on behalf of a purported class. The allegations are based on the design and operation of the product activation feature in Intuit’s *TurboTax 2002* for Windows desktop software and Intuit’s representations and disclosures about product activation. The complaint seeks disgorgement of revenue from the sale of the product, compensatory and punitive damages, injunctive relief and attorneys’ fees and costs. Discovery has been served by all parties. Intuit has filed a motion to dismiss the causes of action in the complaint. Discovery is stayed pending the court’s decision on this motion.

Intuit is subject to certain routine 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.

19. Related Party Transactions

Loans to Executive Officers and Other Employees

Prior to July 30, 2002, loans to executive officers were generally made in connection with their relocation and purchase of a residence near their new place of work. Consistent with the requirements of the Sarbanes-Oxley legislation enacted on July 30, 2002, we have not made or modified any loans to executive officers since July 30, 2002. We do not intend to make or modify any loans to executive officers in the future.

[Table of Contents](#)

Loans to executive officers and other employees at July 31, 2002 and 2003 were as follows:

	July 31,	
	2002	2003
(In thousands)		
Loans to executive officers	\$14,865	\$14,891
Loans to other employees	6,405	4,799
	\$21,270	\$19,690

One employee with previously outstanding loans totaling approximately \$1.1 million became an executive officer during fiscal 2003. Loans to executive officers totaling approximately \$1.1 million were also repaid during fiscal 2003.

Of the total loans to executive officers at July 31, 2003, \$9.4 million accrue no interest for either the term of the note or for up to four years. The remaining loans to executive officers at July 31, 2003 accrue interest at rates equal to the applicable federal rates in effect at the time the loans were made. Of the total outstanding loans to executive officers and other employees at July 31, 2003, loans with a remaining principal balance of \$18.6 million were secured by real property. The loans have terms that range from one to ten years.

Repurchase of Vested Restricted Stock

In March 2003, our chief executive officer vested in 37,500 shares of restricted stock. To provide Mr. Bennett with the funds to pay the related payroll tax withholding obligation we repurchased from him 17,532 shares of common stock at \$39.02 per share, the closing market price of Intuit stock on the date the restricted stock vested.

[Table of Contents](#)

20. Selected Quarterly Consolidated Financial Data (Unaudited)

The following tables contain selected quarterly consolidated financial data for fiscal years 2002 and 2003. We accounted for the July 2002 sale of our Quicken Loans mortgage business segment and the February 2003 sale of our Japanese subsidiary, Intuit KK, as discontinued operations. As a result, the operating results of Quicken Loans and Intuit KK have been segregated from continuing operations in our consolidated financial statements and in these tables. See Note 9. In addition, we amortized certain goodwill during fiscal 2002 but ceased amortizing goodwill when we adopted SFAS 142 on August 1, 2002. This affects the comparability of quarterly results for fiscal 2002 and 2003. See Note 4.

	Fiscal 2002 Quarter Ended			
	October 31	January 31	April 30	July 31
(In thousands, except per share amounts)				
Total net revenue	\$ 158,318	\$475,908	\$491,152	\$186,850
Cost of revenue	61,711	113,421	69,006	57,658
All other costs and expenses	233,625	267,180	243,740	215,387
Net income (loss) from continuing operations	(103,306)	99,896	132,702	(75,677)
Net income from discontinued operations	10,879	19,972	11,779	43,915
Net income (loss)	(92,427)	119,868	144,481	(31,762)
Basic net income (loss) per share from continuing operations	\$ (0.49)	\$ 0.47	\$ 0.63	\$ (0.36)
Basic net income per share from discontinued operations	0.05	0.09	0.05	0.21
Basic net income (loss) per share	\$ (0.44)	\$ 0.56	\$ 0.68	\$ (0.15)
Diluted net income (loss) per share from continuing operations	\$ (0.49)	\$ 0.46	\$ 0.62	\$ (0.36)
Diluted net income per share from discontinued operations	0.05	0.09	0.05	0.21
Diluted net income (loss) per share	\$ (0.44)	\$ 0.55	\$ 0.67	\$ (0.15)
Fiscal 2003 Quarter Ended				
	October 31	January 31	April 30	July 31
(In thousands, except per share amounts)				
Total net revenue	\$212,872	\$558,076	\$634,698	\$245,097
Cost of revenue	72,891	119,301	92,368	73,200
All other costs and expenses	235,438	268,096	233,803	212,414
Net income (loss) from continuing operations	(60,449)	125,371	222,968	(24,688)
Net income from discontinued operations	5,764	3,059	71,009	—
Net income (loss)	(54,685)	128,430	293,977	(24,688)
Basic net income (loss) per share from continuing operations	\$ (0.29)	\$ 0.61	\$ 1.08	\$ (0.12)
Basic net income per share from discontinued operations	0.03	0.01	0.35	—
Basic net income (loss) per share	\$ (0.26)	\$ 0.62	\$ 1.43	\$ (0.12)
Diluted net income (loss) per share from continuing operations	\$ (0.29)	\$ 0.59	\$ 1.06	\$ (0.12)
Diluted net income per share from discontinued operations	0.03	0.01	0.34	—
Diluted net income (loss) per share	\$ (0.26)	\$ 0.60	\$ 1.40	\$ (0.12)

[Table of Contents](#)

21. Events Subsequent to Date of Independent Auditor's Report (Unaudited)

Acquisition

On July 22, 2003, we entered into a definitive agreement to acquire all of the membership interests of Innovative Merchant Solutions LLC ("IMS") and a related entity doing business as Innovative Gateway Solutions for an aggregate purchase price of up to \$116.0 million in cash. IMS offers a full range of merchant account services to small businesses nationwide, including credit and debit card processing services. As part of our Right for My Business strategy, Intuit plans to operate IMS as a separate business unit under its Small Business Products and Services segment. IMS will continue to be led by its current chief executive officer and will be headquartered in Calabasas, California. The transaction has been approved by Intuit's Board of Directors and by the members of IMS and Innovative Gateway Solutions and is expected to close in the first quarter of fiscal 2003 upon the satisfaction of remaining closing conditions.

Stock Repurchase Plan

In August 2003, Intuit's Board of Directors initiated Repurchase Plan III and authorized the Company to repurchase up to \$500.0 million of its common stock from time to time over a three-year period. Shares of stock repurchased under this program will become treasury shares.

Litigation

On September 17, 2003, Muriel Siebert & Co., Inc. v. Intuit Inc. was filed in the Supreme Court of the State of New York, County of New York. The lawsuit alleges various claims for breach of contract, breach of express and implied covenants of good faith and fair dealing, breach of fiduciary duty, misrepresentation and/or fraud, and promissory estoppel. The allegations relate to Quicken Brokerage powered by Siebert, a strategic alliance between the two companies. The complaint seeks compensatory, punitive, and other damages. Intuit has not been served with the complaint. Intuit believes this lawsuit is without merit and intends to defend the litigation vigorously.

INTUIT INC.
VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Additions Charged to Expense/ Revenue	Deductions	Balance at End of Period
(In thousands)				
Year ended July 31, 2001				
Allowance for doubtful accounts	\$ 8,637	\$ 10,593	\$ (3,379)	\$15,851
Reserve for product returns	\$55,796	\$ 53,660	\$ (81,557)	\$27,899
Year ended July 31, 2002				
Allowance for doubtful accounts	\$15,851	\$ 3,494	\$ (13,649)	\$ 5,696
Reserve for product returns	\$27,899	\$ 92,798	\$ (88,602)	\$32,095
Year ended July 31, 2003				
Allowance for doubtful accounts	\$ 5,696	\$ 1,793	\$ (2,080)	\$ 5,409
Reserve for product returns	\$32,095	\$134,558	\$(132,247)	\$34,406

Note: Additions to the allowance for doubtful accounts are charged to expense. Additions to the reserve for product returns are charged against revenue.

[Table of Contents](#)

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

Not applicable.

**ITEM 9A
CONTROLS AND PROCEDURES**

(a) Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer) of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as required by Rules 13a-15 and 15d-15 under the Exchange Act, as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART III
ITEM 10
DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information about directors required for this Item is incorporated by reference from our Proxy Statement to be filed for our October 2003 Annual Meeting of Stockholders. Information about executive officers that is required for this Item can be found in Item 4A.

We have adopted a code of ethics, which we call our Business Conduct Guide, that applies to all employees, including our principal executive officer, principal financial officer, principal accounting officer/controller, and persons performing similar functions. We have filed the Business Conduct Guide as an Exhibit to this Form 10-K.

**ITEM 11
EXECUTIVE COMPENSATION**

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our October 2003 Annual Meeting of Stockholders.

**ITEM 12
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our October 2003 Annual Meeting of Stockholders.

**ITEM 13
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our October 2003 Annual Meeting of Stockholders.

**ITEM 14
PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our October 2003 Annual Meeting of Stockholders.

[Table of Contents](#)

PART IV
ITEM 15
EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

1. Financial Statements — See Index to Consolidated Financial Statements in Part II, Item 8.
2. Financial Statement Schedules — See Index to Consolidated Financial Statements in Part II, Item 8.
3. Exhibits

Ex. No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
2.01	Stock Sale and Purchase Agreement by and among Intuit, Venture Finance Software Corp. and certain security holders of Venture Finance Software Corp., dated August 30, 2000		8-K		09/13/00
2.02#	Stock Purchase and Sale Agreement by and among BRFC LLC, Intuit, Quicken Loans, Inc., and Title Source, Inc., dated June 20, 2002		8-K		08/15/02
2.03#	Amendment to Stock Purchase and Sale Agreement by and among BRFC LLC, Intuit, Quicken Loans, Inc., and Title Source, Inc., dated July 29, 2002		8-K		08/15/02
3.01	Restated Intuit Certificate of Incorporation, dated as of January 19, 2000		10-Q		06/14/00
3.02	Third Amended and Restated Rights Agreement, dated as of January 30, 2003		8-A/A	000-21180	02/18/03
3.03	Bylaws of Intuit, as amended and restated effective May 1, 2002		10-Q		05/31/02
4.01	Form of Specimen Certificate for Intuit's Common Stock		10-K		09/25/02
4.02	Form of Right Certificate for Series B Junior Participating Preferred Stock (included in Exhibit 3.02 as Exhibit B)		8-A/A	000-21180	02/18/03
10.01+	Intuit 2002 Equity Incentive Plan and related plan documents, as amended through July 30, 2003	X			
10.02+	Intuit 1993 Equity Incentive Plan, as amended through January 16, 2002		10-Q		02/28/02
10.03+	Intuit 1996 Employee Stock Purchase Plan, as amended through July 30, 2003	X			
10.04+	Intuit 1996 Directors Stock Option Plan and forms of Agreement, as amended by the Board on January 30, 2003		10-Q		02/28/03
10.05+	Intuit 1998 Option Plan for Mergers and Acquisitions and form of Agreement, as amended through July 29, 2003	X			
10.06+	Intuit Form of Amendment to All Stock Options Outstanding at February 19, 1999		10-K		10/12/99
10.07+	Intuit Performance Incentive Plan, effective August 1, 2002		10-K		09/25/02
10.08+	Intuit Executive Deferred Compensation Plan, effective March 15, 2002		10-Q		05/31/02
10.09+	Intuit Senior Executive Incentive Plan adopted on December 12, 2002		DEF 14A Appendix 3		10/23/02
10.10+	Form of Indemnification Agreement entered into by Intuit with each of its directors and certain officers		10-K		09/25/02

[Table of Contents](#)

Ex. No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.11+	Letter Agreement of Employment between Intuit and William V. Campbell, dated March 30, 1994		10-K		10/31/94
10.12+	Amended and Restated Employment Agreement between Intuit and Stephen M. Bennett, dated July 30, 2003		8-K		08/01/03
10.13+	Restricted Stock Purchase Agreement, with respect to 150,000 shares of Intuit Common Stock between Intuit and Stephen M. Bennett, dated January 24, 2000		S-8	333-51700	12/12/00
10.14+	Restricted Stock Purchase Agreement, with respect to 75,000 shares of Intuit Common Stock between Intuit and Stephen M. Bennett, dated January 24, 2000		S-8	333-51700	12/12/00
10.15+	Amendment No. 1 to Restricted Stock Purchase Agreement, with respect to 150,000 shares of Intuit Common Stock dated January 24, 2000 between Intuit and Stephen M. Bennett, dated January 17, 2001		10-Q		06/13/01
10.16+	Amendment No. 1 to Restricted Stock Purchase Agreement, with respect to 75,000 shares of Intuit Common Stock dated January 24, 2000 between Intuit and Stephen M. Bennett, dated January 17, 2001		10-Q		06/13/01
10.17+	Amended and Restated Secured Balloon Payment Promissory Note between Intuit and Stephen M. Bennett, dated November 26, 2001		10-Q		02/28/02
10.18+	Amended and Restated Secured Full Recourse Balloon Payment Promissory Note (and related Stock Pledge Agreement) between Intuit and Stephen M. Bennett, dated February 19, 2002		10-Q		02/28/02
10.19+	Share Repurchase Agreement between Intuit and Stephen M. Bennett, dated March 27, 2003		10-Q		05/30/03
10.20+	2002 Equity Incentive Plan Stock Bonus Award Agreement between Intuit and Stephen M. Bennett dated July 30, 2003	X			
10.21+	Amended and Restated Employment Agreement between Intuit and Lorrie M. Norrington, dated July 31, 2003	X			
10.22+	Secured Balloon Payment Promissory Note for the principal amount of \$5,500,000 between Intuit and Lorrie Norrington, dated May 20, 2002		10-K		09/25/02
10.23+	Secured Balloon Payment Bridge Loan Promissory Note for the principal amount of \$1,000,000 between Intuit and Lorrie Norrington, dated May 20, 2002		10-K		09/25/02
10.24+	Separation Agreement between Intuit and Greg J. Santora, dated December 30, 2002		10-Q		02/28/03
10.25+	Employment Agreement between Intuit and Robert "Brad" Henske, dated December 30, 2002		10-Q		02/28/03
10.26+	Amended and Restated Secured Balloon Payment Promissory Note for the principal amount of \$1,030,500 between Intuit and Dennis Adsit, dated November 26, 2001		10-Q		12/05/02
10.27+	Secured Balloon Payment Promissory Note for the principal amount of \$75,000 between Intuit and Dennis Adsit, dated December 31, 2001		10-K		09/25/02
10.28+	Amended Secured Balloon Payment Bridge Loan Promissory Note for the principal amount of \$1,044,000 between Intuit and Thomas Allanson, dated April 18, 2002		10-Q		05/31/02
10.29+	Employment Agreement between Intuit and Richard William Ihrle, dated October 14, 2000		10-K		10/05/01
10.30+	Amended and Restated Secured Balloon Payment Promissory Note for the principal amount of \$1,800,000 between Intuit and Richard W. Ihrle, dated November 26, 2001		10-Q		02/28/02
10.31#	Amended & Restated Services Agreement between Intuit and Ingram Micro Inc. dated September 11, 2001		10-Q		12/07/01

[Table of Contents](#)

Ex. No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.32#	Master Agreement between Intuit and Modus Media International, Inc. dated November 1, 2000, as amended on August 27, 2001		10-Q		12/07/01
10.33	Supply Agreement between Intuit and John H. Harland Company (“Harland”), effective as of January 1, 2000		10-K		10/13/00
10.34#	Term Sheet for Fulfillment Products and Services for FSG and P-TAP Non-Imprintable Products between Intuit and Harland, dated October 25, 2001		10-Q		02/28/02
10.35#	Agreement for Purchase of Intuit-owned Inventory for FSG and P-TAP Non-Imprintable Products between Intuit and Harland, dated October 25, 2001		10-Q		02/28/02
10.36#	Addendum for USBP and Omware Imprintable Products between Intuit and Harland, dated July 16, 2002		10-K		09/25/02
10.37#	Addendum for Fulfillment Products and Services for FSG and P-Tap Non-Imprintable Products between Intuit and Harland, dated October 11, 2002		10-Q		12/05/02
10.38#	Amendment #1 to the Addendum for Fulfillment Products and Services for FSG and P-Tap Non-Imprintable Products between Intuit and Harland, dated as of July 18, 2003	X			
10.39#	Term Sheet for Shipping Label Products between Intuit and the John H. Harland Company, dated June 9, 2003	X			
10.40#	Addendum for Core Tax Forms between Intuit and Harland dated June 2, 2003	X			
10.41	Master Services Agreement between Intuit and Arvato Services, Inc., dated May 28, 2003	X			
10.42	Master Services Agreement between Intuit and Sony Disc Manufacturing, dated July 24, 2002		10-K		09/25/02
10.43	Mortgage Warehousing Agreements and Related Documents between Intuit and Quicken Loans, Inc., dated as of July 31, 2002		8-K		08/15/02
10.44	Lease Expiration Advancement Agreement effective July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue and 2650, 2675, 2700 and 2750 Coast Avenue, Mountain View, CA	X			
10.45	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue, Mountain View, CA	X			
10.46	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2650, 2675, 2700 and 2750 Coast Avenue and 2600 Casey Avenue, Mountain View, California	X			
10.47	Lease Agreement dated as of March 29, 1999 between Intuit and various parties as Landlord for 2632 Marine Way, Mountain View, California		10-K		10/13/01
10.48	Build-to-Suit Lease Agreement dated as of June 9, 1995 as amended April 14, 1998 between Intuit and Kilroy Realty Corporation, successor to UTC Greenwich Partners, a California limited partnership for 6200 and 6220 Greenwich, San Diego, California		10-K		10/30/95
10.49	Consent to Sublease Agreement dated March 31, 2000 among Intuit as subtenant, Spieker Properties, L.P. and Franklin Templeton Corporate Services, Inc. for Eastgate Mall, San Diego, California		10-Q		06/14/00
10.50	Build-to-Suit Lease Agreement dated as of April 8, 1998, between Intuit and TACC Investors, LLC for property located at 2800 East Commerce Center Place, Tucson, Arizona		10-K		10/06/98

[Table of Contents](#)

Ex. No.	Exhibit Description	Filed with this 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.51	Lease Agreement dated August 16, 2002 between Intuit and Pegasus Aviation, Inc. for property located at 6550 S. Country Club Road, Tucson, Arizona	X			
10.52	Subordination Agreement; Acknowledgment of Lease Assignment, Estoppel, Attornment and Non-Disturbance Agreement dated August 22, 2002 among Intuit, Pegasus Aviation, Inc., and Bank One, Arizona, N.A.	X			
10.53	Lease Agreement dated as of June 1, 1993 between Intuit as successor in interest to Computing Resources, Inc. who is successor in interest to Pioneer Bank and Dermody Properties for 5400 Equity Avenue, Reno, Nevada		10-K		10/12/99
10.54	Lease Agreement dated as of January 1, 1994 between Intuit as successor in interest to Computing Resources, Inc. and 1285 Financial Boulevard, Inc. for 1285 Financial Boulevard, Reno, Nevada		10-K		10/12/99
10.55	Sublease Agreement and Amendments between Lacerte Software Corporation and Oryx Energy Company for 13155 Noel Road, Suite 2200, Dallas, Texas		10-K		10/12/99
10.56	Office Lease Agreement dated February 22, 2000 between Lacerte Software Corporation and KCD-TX 1 Investment Limited Partnership for office space in Plano, Texas		10-Q		06/14/00
10.57	Assignment and Assumption of Lease dated as of September 27, 2002 between KCD-TX I Investment Limited Partnership and Wells Operating Partnership, L.P., re office space in Plano, Texas	X			
14.01	Code of Ethics: Intuit Business Conduct Guide adopted July 31, 2003	X			
21.01	List of Intuit's Subsidiaries	X			
23.01	Consent of Ernst & Young LLP, Independent Auditors	X			
24.01	Power of Attorney (see signature page)	X			
31.01	Certification of Chief Executive Officer	X			
31.02	Certification of Chief Financial Officer	X			
32.01	Section 1350 Certification (Chief Executive Officer)	X			
32.02	Section 1350 Certification (Chief Financial Officer)	X			

+ Indicates a management contract or compensatory plan or arrangement

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

(b) Reports on Form 8-K filed during the fourth quarter of fiscal 2003:

On May 14, 2003, Intuit filed a report on Form 8-K to report under Item 9 and Item 12 its financial results for the quarter ended April 30, 2003. Intuit's balance sheet and statement of operations for the third quarter and nine months ended April 30, 2003 were included in the 8-K.

(c) Exhibits

See Item 14(a)(3) above.

(d) Financial Statement Schedules

See Item 14(a)(2) above.

SIGNATURES

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

Dated: September 19, 2003

INTUIT INC

By: /s/ ROBERT B. HENSKE

Robert B. Henske
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

POWER OF ATTORNEY

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

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
Principal Executive Officer:		
<u>/s/ STEPHEN M. BENNETT</u> Stephen M. Bennett	President, Chief Executive Officer and Director	September 19, 2003
Principal Financial Officer:		
<u>/s/ ROBERT B. HENSKE</u> Robert B. Henske	Senior Vice President and Chief Financial Officer	September 19, 2003
Principal Accounting Officer:		
<u>/s/ DOROTHY D. HAYES</u> Dorothy D. Hayes	Vice President, Corporate Controller and Finance Operations	September 19, 2003
Additional Directors:		
<u>/s/ CHRISTOPHER W. BRODY</u> Christopher W. Brody	Director	September 19, 2003
<u>/s/ WILLIAM V. CAMPBELL</u> William V. Campbell	Chairman of the Board of Directors	September 19, 2003
<u>/s/ SCOTT D. COOK</u> Scott D. Cook	Director	September 19, 2003
<u>/s/ L. JOHN DOERR</u> L. John Doerr	Director	September 19, 2003
<u>/s/ DONNA L. DUBINSKY</u> Donna L. Dubinsky	Director	September 19, 2003
<u>/s/ MICHAEL R. HALLMAN</u> Michael R. Hallman	Director	September 19, 2003
<u>/s/ STRATTON SCLAVOS</u> Stratton Sclavos	Director	September 19, 2003

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.01+	Intuit 2002 Equity Incentive Plan and related plan documents, as amended through July 30, 2003
10.03+	Intuit 1996 Employee Stock Purchase Plan, as amended through July 30, 2003
10.05+	Intuit 1998 Option Plan for Mergers and Acquisitions and form of Agreement, as amended through July 29, 2003
10.20+	2002 Equity Incentive Plan Stock Bonus Award Agreement between Intuit and Stephen M. Bennett dated July 30, 2003
10.21+	Amended and Restated Employment Agreement between Intuit and Lorrie M. Norrington, dated July 31, 2003
10.38#	Amendment #1 to the Addendum for Fulfillment Products and Services for FSG and P-Tap Non-Imprintable Products between Intuit and Harland, dated as of July 18, 2003
10.39#	Term Sheet for Shipping Label Products between Intuit and the John H. Harland Company, dated June 9, 2003
10.40#	Addendum for Core Tax Forms between Intuit and Harland dated June 2, 2003
10.41	Master Services Agreement between Intuit and Arvato Services, Inc., dated May 28, 2003
10.44	Lease Expiration Advancement Agreement effective July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue and 2650, 2675, 2700 and 2750 Coast Avenue, Mountain View, CA
10.45	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue, Mountain View, CA
10.46	Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2650, 2675, 2700 and 2750 Coast Avenue and 2600 Casey Avenue, Mountain View, California
10.51	Lease Agreement dated August 16, 2002 between Intuit and Pegasus Aviation, Inc. for property located at 6550 S. Country Club Road, Tucson, Arizona
10.52	Subordination Agreement; Acknowledgment of Lease Assignment, Estoppel, Attornment and Non-Disturbance Agreement dated August 22, 2002 among Intuit, Pegasus Aviation, Inc., and Bank One, Arizona, N.A.
10.57	Assignment and Assumption of Lease dated as of September 27, 2002 between KCD-TX I Investment Limited Partnership and Wells Operating Partnership, L.P., re office space in Plano, Texas
14.01	Code of Ethics: Intuit Business Conduct Guide adopted July 31, 2003
21.01	List of Intuit's Subsidiaries
23.01	Consent of Ernst & Young LLP, Independent Auditors
24.01	Power of Attorney (see signature page)
31.01	Certification of Chief Executive Officer
31.02	Certification of Chief Financial Officer
32.01	Section 1350 Certification (Chief Executive Officer)
32.02	Section 1350 Certification (Chief Financial Officer)

+ Indicates a management contract or compensatory plan or arrangement

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

INTUIT INC.

2002 EQUITY INCENTIVE PLAN

As Amended Through July 30, 2003

1. PURPOSE. The purpose of the Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company its Parent or Subsidiaries by offering them an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock and Stock Bonuses. Capitalized terms not defined in the text are defined in Section 23.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 18, the following number of Shares are available for grant and issuance under the Plan: (a) 12,850,000 Shares, plus (b) 1,900,000 Shares resulting from authorized shares not issued or subject to outstanding grants under the Company's 1993 Equity Incentive Plan (the "Prior Plan") on the Effective Date (as defined in Section 19); plus (c) Shares that are subject to: (i) issuance upon exercise of an Option but cease to be subject to the Option for any reason other than exercise of the Option; (ii) an Award that otherwise terminates without Shares being issued; or (iii) are subject to an Award that is forfeited or are repurchased by the Company at the original issue price. No more than 10,000,000 shares shall be issued as ISOs. At all times the Company will reserve and keep available a sufficient number of Shares to satisfy the requirements of all outstanding Options granted under the Plan and all other outstanding but unvested Awards granted under the Plan.

2.2 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance under the Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options, (c) the number of Shares subject to other outstanding Awards, (d) the 10,000,000 maximum number of shares that may be issued as ISOs set forth in Section 2.1; (e) the 2,000,000 and 3,000,000 maximum number of shares that may be issued to an individual in any one calendar year set forth in Section 3; and (f) the annual 500,000 Share limit on the aggregate number of Shares that may be: (i) made subject to an Option granted at an Exercise Price of less than Fair Market Value on the date of grant, (ii) issued under the Plan as a Stock Bonus; and (iii) issued under the Plan as a Restricted Stock Award at a Purchase Price of less than Fair Market Value on the date the Award is made, will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided that fractions of a Share will not be issued but will either be paid in cash at Fair Market Value, or will be rounded up to the nearest Share, as determined by the Committee; and provided further that the Exercise Price of any Option may not be decreased to below the par value of the Shares.

3. ELIGIBILITY. ISOs may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary. All other Awards may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any Parent or Subsidiary; provided that such consultants, contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. The Committee (or its designee under 4.1(c)) will from time to time determine and designate among the eligible persons who will be granted one or more Awards under the Plan. A person may be granted more than one Award under the Plan. However, no person will be eligible to receive more than 2,000,000 Shares in any calendar year under this Plan pursuant to the grant of Awards hereunder, other than new employees of the Company or of a Parent or Subsidiary (including new employees who are also officers and directors of the Company or any Parent or Subsidiary), who are eligible to receive up to a maximum of 3,000,000 Shares in the calendar year in which they commence their employment.

4. ADMINISTRATION.

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

- (a) construe and interpret the Plan, any Award Agreement and any other agreement or document executed pursuant to the Plan;
- (b) prescribe, amend and rescind rules and regulations relating to the Plan, including determining the forms and agreements used in connection with the Plan; provided that the Committee may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources, in consultation with the General Counsel, the authority to approve revisions to the forms and agreements used in connection with the Plan that are designed to facilitate Plan administration, and that are not inconsistent with the Plan or with any resolutions of the Committee relating to the Plan;
- (c) select persons to receive Awards; provided that the Committee may delegate to one or more Executive Officers of the Company the authority to grant an Award under the Plan to Participants who are not Insiders of the Company;
- (d) determine the terms of Awards;
- (e) determine the number of Shares or other consideration subject to Awards;
- (f) determine whether Awards will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Awards under the Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary;
- (g) grant waivers of Plan or Award conditions;
- (h) determine the vesting, exercisability, transferability, and payment of Awards;
- (i) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or any Award Agreement;
- (j) determine whether an Award has been earned;
- (k) amend the Plan; or
- (l) make all other determinations necessary or advisable for the administration of the Plan.

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

5. **OPTIONS.** The Committee may grant Options to eligible persons and will determine (a) whether the Options will be ISOs or NQSOs; (b) the number of Shares subject to the Option, (c) the Exercise Price of the Option, (d) the period during which the Option may be exercised, and (e) all other terms and conditions of the Option, subject to the following:

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

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant the Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement, and a copy of the Plan and the current Prospectus for the Plan (plus any additional documents required to be delivered under applicable laws), will be delivered to the Participant within a reasonable time after the Option is granted. The Plan, the Prospectus and other documents may be delivered in any manner (including electronic distribution or posting) that meets applicable legal requirements.

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

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may be less than Fair Market Value (but not less than the par value of the Shares); provided that (i) the Exercise Price of an ISO will not be less than the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. Notwithstanding the foregoing, no more than 500,000 Shares annually (less any Shares that have been issued under the Plan as Stock Bonuses or as Restricted Stock Awards at a price of less than Fair Market Value on the date of grant) may be made subject to Options granted at an Exercise Price that is less than Fair Market Value on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 of the Plan and the Stock Option Agreement.

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

5.6 Termination.

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

Option granted to an employee who is Terminated by the Company, or any Subsidiary or Parent within one year following the date of a Corporate Transaction, will immediately vest as to such number of Shares as the Participant would have been vested twelve months after the date of Termination had the Participant remained employed for that twelve month period.

- (b) Post-Termination Exercise Period. Following a Participant's Termination, the Participant's Option may be exercised to the extent vested as set forth in Section 5.6(a):
- (i) no later than 90 days after the Termination Date if a Participant is Terminated for any reason except death or Disability, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option; or
 - (ii) no later than (A) twelve months after the Termination Date in the case of Termination due to Disability or (B) eighteen months after the Termination Date in the case of Termination due to death or if a Participant dies within three months of the Termination Date, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option.

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

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

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

5.10 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor; provided that any such action may not, without the written consent of Participant, impair any of Participant's rights under any Option previously granted; and provided, further that without stockholder approval, the modified, extended, renewed or new Option may not have a lower Exercise Price than the outstanding Option. Any outstanding ISO that is modified, extended, renewed or otherwise altered shall be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected, by a written notice to them; provided, however, that unless prior stockholder approval is secured, the Exercise Price may not be reduced below that of the outstanding Option.

5.11 No Disqualification. Notwithstanding any other provision in the Plan, no term of the Plan relating to ISOs will be interpreted, amended or altered, and no discretion or authority granted under the Plan will be

exercised, so as to disqualify the Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

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

6.1 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by a Restricted Stock Purchase Agreement, which will be in substantially a form (which need not be the same for each Participant) that the Committee or an officer of the Company (pursuant to Section 4.1(b)) has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. A Participant can accept a Restricted Stock Award only by signing and delivering to the Company a Restricted Stock Purchase Agreement, and full payment of the Purchase Price, within thirty days from the date the Restricted Stock Purchase Agreement was delivered to the Participant. If the Participant does not accept the Restricted Stock Award in this manner within thirty days, then the offer of the Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee, and may be less than Fair Market Value (but not less than the par value of the Shares) on the date the Restricted Stock Award is granted. Notwithstanding the foregoing, the Committee may not award Restricted Stock for more than 500,000 Shares annually (less any Shares that have been made subject to Options granted with an Exercise Price of less than Fair Market Value on the date of grant or Stock Bonuses) with a Purchase Price that is less than Fair Market Value on the date of grant. Payment of the Purchase Price must be made in accordance with Section 8 of the Plan and the Restricted Stock Purchase Agreement, and in accordance with any procedures established by the Company's Stock Administration Department, as communicated and made available to Participants through the stock pages on the Intuit Legal Department intranet web site, and/or through the Company's electronic mail system.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to all restrictions, if any, that the Committee may impose. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's Restricted Stock Purchase Agreement, which shall comply with and be subject to the terms and conditions of the Plan. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment for Shares to be purchased under any Restricted Stock Award, the Committee shall determine the extent to which such Restricted Stock Award has been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

7. STOCK BONUSES.

7.1 Awards of Stock Bonuses. The Committee may award Stock Bonuses to any eligible person. No payment will be required for Shares awarded pursuant to a Stock Bonus. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent or Subsidiary pursuant to a Stock Bonus Agreement, which shall be in substantially a form (which need not be the same for each Participant) that the Committee or an officer of the Company (pursuant to Section 4.1(b)) has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. Notwithstanding the foregoing, the Committee may not award Stock Bonuses for more than 500,000 Shares annually (less any Shares that have been made subject to Options granted with an Exercise Price of less than Fair Market Value on the Date of Grant and any Shares that have been issued under the Plan as Restricted Stock at a Purchase Price of less than Fair Market Value on the date of grant).

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

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

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

8. PAYMENT FOR SHARE PURCHASES.

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

- (a) in cash (by check);
- (b) in the case of exercise by the Participant, Participant's guardian or legal representative or the authorized legal representative of Participants' heirs or legatees after Participant's death, by cancellation of indebtedness of the Company to the Participant;
- (c) by surrender of shares of the Company's Common Stock that either: (1) were obtained by the Participant or Authorized Transferee in the public market; or (2) if the shares were not obtained in the public market, they have been owned by the Participant or Authorized Transferee for more than six months and have been paid for within the meaning of SEC Rule 144 (and, if the shares were purchased from the Company by use of a promissory note, the note has been fully paid with respect to the shares);
- (d) in the case of exercise by the Participant, Participant's guardian or legal representative or the authorized legal representative of Participants' heirs or legatees after Participant's death, by waiver of compensation due or accrued to Participant for services rendered;
- (e) by tender of property; or
- (f) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:
 - (1) except for a Participant who is an Executive Officer or a director of the Company, through a "same day sale" commitment from the Participant or Authorized Transferee and an NASD Dealer whereby the Participant or Authorized Transferee irrevocably elects to exercise the Option and to sell a portion of the Shares purchased in order to pay the Exercise Price, and

whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company;

for a Participant who is an Executive Officer or a director of the Company, through a "same day sale" commitment from the Participant and an NASD Dealer whereby the NASD Dealer irrevocably commits to forward the Exercise Price directly to the Company before the Company issues the Shares; or

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

for a Participant who is an Executive Officer or a director of the Company, through a "margin" commitment from Participant and an NASD Dealer whereby the NASD Dealer irrevocably commits to forward the Exercise Price directly to the Company before the Company issues the Shares.

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

9. WITHHOLDING TAXES.

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

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

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

to retain such dividends or distributions with respect to Shares that are repurchased at the Participant's original Exercise Price or Purchase Price pursuant to Section 14.

11. TRANSFERABILITY. Except as otherwise provided in this Section 11, no Award and no interest therein, shall be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution, and no Award may be made subject to execution, attachment or similar process.

11.1 Awards Other Than NQSOs. All Awards other than NQSO's shall be exercisable (a) during a Participant's lifetime only by the Participant or the Participant's guardian or legal representative; and (b) after Participant's death, by the legal representative of the Participant's heirs or legatees.

11.2 NQSOs. During a Participant's lifetime an NQSO shall be exercisable by the Participant or the Participant's guardian or legal representative, and with the permission of the Committee, may be transferred to an Authorized Transferee.

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

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

14. ESCROW. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other transfer instruments approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company, to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates.

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

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

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

18. CORPORATE TRANSACTIONS.

18.1 Assumption or Replacement of Awards by Successor. In the event of a Corporate Transaction any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation, if any, refuses to assume or replace the Awards, as provided above, pursuant to a Corporate Transaction or if there is no successor corporation due to a dissolution or liquidation of the Company, such Awards shall immediately vest as to 100% of the Shares subject thereto at such time and on such conditions as the Board shall determine and the Awards shall expire at the closing of the transaction or at the time of dissolution or liquidation.

18.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under Section 18.1, in the event of a Corporate Transaction, any outstanding Awards shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation or sale of assets.

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

19. ADOPTION AND STOCKHOLDER APPROVAL. The Plan was adopted by the Board on October 24, 2001 (the "Adoption Date"). The Plan became effective upon approval by stockholders of the Company, consistent with applicable laws, on January 18, 2002 (the "Effective Date").

20. TERM OF PLAN. The Plan will terminate ten years from the Adoption Date.

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

22. NONEXCLUSIVITY OF THE PLAN; UNFUNDED PLAN. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan shall be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in

specific cases. The Plan shall be unfunded. Neither the Company nor the Board shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Company, the Committee, nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan.

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

- (a) “Authorized Transferee” means the permissible recipient, as authorized by this Plan and the Committee, of an NQSO that is transferred during the Participant’s lifetime by the Participant by gift or domestic relations order. For purposes of this definition a “permissible recipient” is: (i) a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the Participant, including any such person with such relationship to the Participant by adoption; (ii) any person (other than a tenant or employee) sharing the Participant’s household; (iii) a trust in which the persons in (i) or (ii) have more than fifty percent of the beneficial interest; (iv) a foundation in which the persons in (i) or (ii) or the Participant control the management of assets; or (v) any other entity in which the person in (i) or (ii) or the Participant own more than fifty percent of the voting interest.
- (b) “Award” means any award under the Plan, including any Option, Restricted Stock or Stock Bonus.
- (c) “Award Agreement” means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.
- (d) “Board” means the Board of Directors of the Company.
- (e) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.
- (f) “Committee” means the committee appointed by the Board to administer the Plan, or if no committee is appointed, the Board. Each member of the Committee shall be (i) a “non-employee director” for purposes of Section 16 and Rule 16b-3 of the Exchange Act, and (ii) an “outside director” for purposes of Section 162(m) of the Code, unless the Board has fewer than two such outside directors.
- (g) “Company” means Intuit Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.
- (h) “Corporate Transaction” means (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company and the Awards granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Participants), (b) a dissolution or liquidation of the Company, (c) the sale of substantially all of the assets of the Company, (d) 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 (e) 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).
- (i) “Disability” means a disability within the meaning of Section 22(e)(3) of the Code, as determined by the Committee.

- (j) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.
- (k) “Executive Officer” means a person who is an “executive officer” of the Company as defined in Rule 3b-7 promulgated under the Exchange Act.
- (l) “Exercise Price” means the price at which a Participant who holds an Option may purchase the Shares issuable upon exercise of the Option.
- (m) “Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:
 - (1) if such Common Stock is then quoted on the NASDAQ National Market, its last reported sale price on the NASDAQ National Market on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;
 - (2) if such Common Stock is publicly traded and is then listed on a national securities exchange, the last reported sale price on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;
 - (3) if such Common Stock is publicly traded but is not quoted on the NASDAQ National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported by The Wall Street Journal, for the over-the-counter market; or
 - (4) if none of the foregoing is applicable, by the Board of Directors in good faith.
- (n) “Insider” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.
- (o) “ISO” means an Incentive Stock Option within the meaning of the Code.
- (p) “NASD Dealer” means broker-dealer that is a member of the National Association of Securities Dealers, Inc.
- (q) “NQSO” means a nonqualified stock option that does not qualify as an ISO.
- (r) “Option” means an award of an option to purchase Shares pursuant to Section 5 of the Plan.
- (s) “Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if at the time of the granting of an Award under the Plan, each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- (t) “Participant” means a person who receives an Award under the Plan.
- (u) “Performance Factors” means the factors selected by the Committee from among the following measures to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:
 - (1) Net revenue and/or net revenue growth;

- (2) Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;
 - (3) Operating income and/or operating income growth;
 - (4) Net income and/or net income growth;
 - (5) Earnings per share and/or earnings per share growth;
 - (6) Total stockholder return and/or total stockholder return growth;
 - (7) Return on equity;
 - (8) Operating cash flow return on income;
 - (9) Adjusted operating cash flow return on income;
 - (10) Economic value added; and
 - (11) Individual business objectives.
-
- (v) “Performance Period” means the period of service determined by the Committee, not to exceed five years, during which years of service or performance is to be measured for Restricted Stock Awards or Stock Bonuses.
 - (w) “Plan” means this Intuit Inc. 2002 Equity Incentive Plan, as amended from time to time.
 - (x) “Prospectus” means the prospectus relating to the Plan, as amended from time to time, that is prepared by the Company and delivered or made available to Participants pursuant to the requirements of the Securities Act.
 - (y) “Purchase Price” means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option.
 - (z) “Restricted Stock Award” means an award of Shares pursuant to Section 6 of the Plan.
 - (aa) “SEC” means the Securities and Exchange Commission.
 - (bb) “Securities Act” means the Securities Act of 1933, as amended, and the regulations promulgated thereunder.
 - (cc) “Shares” means shares of the Company’s Common Stock \$0.01 par value, reserved for issuance under the Plan, as adjusted pursuant to Sections 2 and 18, and any successor security.
 - (dd) “Stock Bonus” means an award of Shares, or cash in lieu of Shares, pursuant to Section 7 of the Plan.
 - (ee) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

- (ff) “Ten Percent Stockholder” means any person who directly or by attribution owns more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.
- (gg) “Termination” or “Terminated” means, for purposes of the Plan with respect to a Participant, that the Participant has ceased to provide services as an employee, director, consultant, independent contractor or adviser, to the Company or a Parent or Subsidiary; provided that a Participant shall not be deemed to be Terminated if the Participant is on a leave of absence approved by the Committee or by an officer of the Company designated by the Committee; and provided further, that during any approved leave of absence, vesting of Awards shall be suspended or continue in accordance with guidelines established from time to time by the Committee. Subject to the foregoing, the Committee shall have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the “Termination Date”).

INTUIT INC. 2002 PLAN OPTION GRANT AGREEMENT

Intuit Inc., a Delaware corporation (the "Company"), hereby grants you a stock option ("Option"), pursuant to the Company's 2002 Equity Incentive Plan, as amended through July 30, 2003 (the "Plan"), to purchase shares of the Company's Common Stock, \$0.01 par value per share ("Common Stock"), as described below. This Option is subject to all of the terms and conditions of the Plan, which is incorporated into this Agreement by reference. All capitalized terms in this Agreement that are not defined in the Agreement have the meanings given to them in the Plan.

Name of Participant:
Social Security Number:
Address:

Number of Shares:

Type of Option: Non-qualified Stock Option
Exercise Price Per Share:
Date of Grant:
First Vesting Date:
Expiration Date:
Vesting Schedule:

So long as you are providing services to the Company, 33 1/3% of the Shares will vest on the First Vesting Date; then 2.778% of the Shares will vest on each monthly anniversary of the First Vesting Date until 100% vested. On your Termination, the Option will either cease to vest or, if you have been actively employed by the Company for one year or more and become totally disabled or die as provided in Section 5.6 of the Plan, accelerate in full. Following your Termination, you may exercise the Option only as provided in Section 5.6 of the Plan. Vesting may also be suspended in accordance with Company policies, as described in Section 5.6 of the Plan.

To exercise this Option, you must follow the exercise procedures established by the Company, as described in Section 5.5 of the Plan. This Option may be exercised only with respect to vested shares. Payment of the Exercise Price for the Shares may be made in cash (by check) and/or, if a public market exists for the Company's Common Stock, by means of a Same-Day-Sale Commitment or Margin Commitment from you and an NASD Dealer (as described in Section 8.1 of the Plan). Upon exercise of this Option, you understand that the Company may be required to withhold taxes.

This Agreement (including the Plan, which is incorporated by reference) constitutes the entire agreement between you and the Company with respect to this Option, and supersedes all prior agreements or promises with respect to the Option. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and you. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of the Option described in Section 11 of the Plan, this Agreement shall be binding on your permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered to the Company or to you at its or your respective addresses set forth in this Agreement, or at such other address designated in writing by either of the parties to the other.

Additional information about the Plan and this Option (including certain tax consequences of exercising the Option and disposing of the Shares) is contained in the Prospectus for the Plan. A copy of the Prospectus is available on the stock options pages of the Intuit Legal Department intranet web site or by calling Sharon Savatski, the Company's Stock Plan Analyst, at (650) 944-6504.

The Company has signed this Option Agreement effective as the Date of Grant.

INTUIT INC.
 2632 Marine Way
 Mountain View, California 94043

By: _____

Robert B. Henske, Senior Vice President
 and Chief Financial Officer

PARTICIPANT'S ACCEPTANCE

I accept this Agreement and agree to the terms and conditions in this Agreement and the Plan. I acknowledge that I have received a copy of the Company's 2002 Equity Incentive Plan, and I understand and agree that this Agreement is not meant to interpret, extend, or change the Plan in any way, nor to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Company, the provisions of the Plan shall apply.

INTUIT INC. 2002 EQUITY INCENTIVE PLAN
STOCK BONUS AGREEMENT

EXECUTIVE STOCK OWNERSHIP PROGRAM MATCHING UNIT

Intuit Inc., a Delaware corporation (the "Company"), hereby grants you a matching restricted stock unit in the form of a Stock Bonus Award ("Award") pursuant to the Company's 2002 Equity Incentive Plan (the "Plan"), for the number of shares of the Company's Common Stock, \$0.01 par value per share ("Common Stock") set forth below. This Award is subject to all of the terms and conditions of the Plan, which is incorporated into this Agreement by reference. All capitalized terms in this Stock Bonus Agreement ("Agreement") that are not defined in this Agreement have the meanings given to them in the Plan.

Name of Participant:

Social Security Number:

Address:

Number of Shares:

Date of Grant:

Vesting Date:

Vesting: Subject to the forfeiture provisions set forth in this Agreement, this Award will vest as to 100% of the Number of Shares on the Vesting Date set forth above, provided you have remained employed by the Company through that date. The Vesting Date is the fourth anniversary of the Date of Grant.

In the event of your Termination prior to the Vesting Date, the following provisions will govern the vesting of this Award:

Termination due to Resignation or by Company for Cause: In the event of your Termination prior to the Vesting Date due to your resignation or termination of employment by the Company for Cause, this Award will terminate without having vested as to any of the shares subject to this Award and you will have no right or claim to anything under this Award. For purposes of this Award, Cause means (i) you have been convicted of a misdemeanor that involves moral turpitude or the embezzlement of property of the Company or one of its affiliates; (ii) you have been convicted of a felony under the laws of the United States or any state thereof; (iii) your willful misconduct in the performance of your duties as a Company employee; (iv) your gross negligence in the performance of your duties as a Company employee; or (v) you have persistently failed to follow the lawful instructions of your manager relating to an activity within the scope of your duties. In order for a condition identified in (iv) or (v) to constitute Cause, the Company shall first have provided you with (A) at least thirty days' written notice of the alleged actions setting forth with specificity the events or failures complained of and (B) an opportunity to remedy to the reasonable satisfaction of your manager such condition within such thirty day period and you shall have failed to remedy such condition.

Termination due to Retirement or by Company for other than Cause: In the event of your Termination prior to the Vesting Date due to your Retirement or termination of employment by the Company for reasons other than Cause, you will vest pro-rata in a percentage of the Number of Shares equal to your number of full months of service since the Date of Grant divided by forty-eight months, rounded down to the nearest whole share of Intuit Common Stock, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, Retirement means the Termination of your employment with the Company after you have reached an age and service requirement determined by the Committee or its delegate.

Termination due to Death or Total Disability: In the event of your Termination prior to the Vesting Date due to your death or Total Disability, this Award will vest as to 100% of the Number of the Shares on your Termination Date, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, Total Disability is defined in Section 5.6(a) of the Plan.

Termination Within One Year Following Corporate Transaction: In the event of your Termination prior to the Vesting Date, but within one year following the date of a Corporate Transaction, this Award will vest as to 100% of the Number of the Shares on your Termination Date, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, Corporate Transaction is defined in Section 23(h) of the Plan.

Forfeiture: You acknowledge and agree that if prior to the date on which you vest fully in this Award you sell, gift or otherwise transfer the shares you purchased that caused the Company to grant you this Award, this Award will terminate and you will forfeit all rights to this Award and any shares subject hereto, unless the Company determines in its sole discretion that you continue to hold other shares of the Company's

Common Stock in a number equal to or greater than the number of shares that caused the Company to grant you this Award.

Issuance of Shares under this Award: The Company will issue you the shares subject to this Award on the later of: (1) the Vesting Date; or (2) your Voluntary Deferral of Share Issuance Date. Until the date the shares are issued to you, you will have no rights as a stockholder of the Company and the shares subject to this Award will not count as owned by you under the Company's share ownership requirements.

Withholding Taxes: When the vesting and issuance of the shares under this Award gives rise to a federal or other governmental income or employment tax withholding obligation on the part of the Company, the Company will withhold from the shares issued to you a number of whole shares having a Fair Market Value equal to the minimum amount to be withheld to satisfy the withholding obligation and will transmit the equivalent cash amount to the applicable taxing authorities. If you have made a voluntary deferral of the share issuance to a date later than the Vesting Date in accordance with the provisions set forth in this Agreement, you agree that you will remit cash to the Company (through payroll deduction or otherwise) in an amount sufficient to satisfy any withholding obligation resulting from the vesting of the shares under this Award. (As of the date of this Agreement, federal income tax withholding is not required until share issuance. However, a FICA and Medicare withholding obligation triggers on the Vesting Date even if you have made a voluntary deferral of the share issuance to a date later than the Vesting Date). Fair Market Value of the shares shall be determined in accordance with Section 23(m) of the Plan on the date that the amount of tax to be withheld is to be determined.

Voluntary Deferral of Share Issuance: You may voluntarily elect to defer the issuance of the shares under this Award to a date after the Vesting Date that is no later than the first day of the fiscal year following the date on which you are no longer an employee of the Company (your "Voluntary Deferral of Share Issuance Date"). You must make this election no later than the third anniversary of the Date of Grant by filing a voluntary deferral election request in a form acceptable to the Committee or its delegate.

This Agreement (including the Plan, which is incorporated by reference) constitutes the entire agreement between you and the Company with respect to this Award, and supersedes all prior agreements or promises with respect to the Award. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and you. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of the Option described in Section 11 of the Plan, this Agreement shall be binding on your permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered to the Company or to you at its or your respective addresses set forth in this Agreement, or at such other address designated in writing by either of the parties to the other.

The Company has signed this Award Agreement effective as the Date of Grant.

INTUIT INC.
2632 Marine Way
Mountain View, California 94043

By: _____

Robert B. Henske, Chief Financial Officer

PARTICIPANT'S ACCEPTANCE

I accept this Agreement effective as of the Date of Grant and agree to the terms and conditions in this Agreement and the Plan. I acknowledge that I have received a copy of the Plan, and I understand and agree that this Agreement is not meant to interpret, extend, or change the Plan in any way, or to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Company, the provisions of the Plan shall apply.

Signed: _____

INTUIT INC.

1996 EMPLOYEE STOCK PURCHASE PLAN

As Amended Through July 30, 2003

1. Establishment of Plan. The Company proposes to grant options for purchase of the Company's Common Stock, \$0.01 par value, to eligible employees of the Company and Participating Subsidiaries pursuant to this Plan. A total of 5,400,000¹ shares of the Company's Common Stock is reserved for issuance under this Plan. Such number shall be subject to adjustments effected in accordance with Section 14 of this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Capitalized terms not defined in the text are defined in Section 26 below. Any term not expressly defined in this Plan that is defined in Section 423 of the Code shall have the same definition herein.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Subsidiaries with a convenient means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Subsidiaries, and to provide an incentive for continued employment.

3. Administration. This Plan shall be administered by the Committee. Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan and any agreement or document executed pursuant to this Plan shall be determined by the Committee and its decisions shall be final and binding upon all Participants. The Committee shall have full power and authority to prescribe, amend and rescind rules and regulations relating to this Plan, including determining the forms and agreements used in connection with this Plan; provided that the Committee may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources, in consultation with the General Counsel or her designee, the authority to approve revisions to the forms and agreements used in connection with this Plan that are designed to facilitate administration of the Plan and that are not inconsistent with the Plan or with any resolutions of the Committee relating to the Plan. The Committee may amend this Plan as described in Section 25 below. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Committee members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company.

¹ On July 30, 2003 the Company's Board of Directors amended this Plan to increase the authorized share pool by 500,000 shares from 4,900,000 to 5,400,000 shares. This 500,000 share increase is subject to stockholder approval at the Company's October 30, 2003 Annual Meeting.

4. Eligibility.

(a) Prior to the Offering Period commencing December 16, 2001, any employee of the Company or of any Participating Subsidiary is eligible to participate in an Offering Period under this Plan, except the following:

- (i) employees who are not employed fifteen (15) days before the beginning of such Offering Period;
- (ii) employees who are customarily employed for less than twenty (20) hours per week;
- (iii) employees who are customarily employed for less than five (5) months in a calendar year; and

(iv) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries.

(b) Effective with the Offering Period commencing December 16, 2001, any employee of the Company or of any Participating Subsidiary is eligible to participate in an Offering Period under this Plan, except the following:

- (i) employees who are not employed fifteen (15) days before the beginning of such Offering Period; and

(ii) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries.

(c) An individual who provides services to the Company, or any Participating Subsidiary, as an independent contractor shall not be considered an "employee" for purposes of this Section 4 or this Plan, and shall not be eligible to participate in the Plan, except during such periods as the Company or the Participating Subsidiary, as applicable, is required to withhold U.S. federal employment taxes for the individual. This exclusion from participation

shall apply even if the individual is reclassified as an employee, rather than an independent contractor, for any purpose other than U.S. federal employment tax withholding.

5. Offering Dates.

(a) Prior to the Offering Period commencing June 16, 2001, Offering Periods shall be of six (6) months duration commencing on December 16 and June 16 of each year and ending on June 15 and December 15 of each year, except for the first and second Offering Periods under this Plan. The first Offering Period began on January 1, 1997 and ended on June 30, 1997, and the second Offering Period began on July 1, 1997 and ended on December 15, 1997.

(b) Effective with the Offering Period commencing June 16, 2001, Offering Periods shall be of twelve (12) months duration commencing on December 16 and June 16 of each year and ending on the following December 15 and June 15. Each Offering Period shall consist of two six-month Accrual Periods during which payroll deductions of the Participants are accumulated under this Plan.

(c) Effective with the Offering Period commencing June 16, 2003, Offering Periods shall be of twelve (12) months duration commencing on each June 16, September 16, December 16 and March 16 and ending on the following June 15, September 15, December 15 and March 15, respectively. Each Offering Period shall consist of four three-month Accrual Periods during which payroll deductions of the Participants are accumulated under this Plan. The Offering Period commencing December 16, 2002 shall be a transitional Offering Period of twelve (12) months duration comprised of one six-month Accrual Period commencing on December 16, 2002 and ending on June 15, 2003 and two three-month Accrual Periods, the first commencing on June 16, 2003 and ending on September 15, 2003 and the second commencing on September 16, 2003 and ending on December 15, 2003.

(d) The Committee shall have the power to change the duration of Offering Periods with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected.

6. Participation in this Plan. An eligible employee may become a Participant in an Offering Period on the first Offering Date after satisfying the eligibility requirements by following the enrollment procedures established by the Company and enrolling in the Plan by the enrollment deadline established by the Company before such Offering Date. The enrollment deadline shall be the same for all eligible employees with respect to a given Offering Period. An eligible employee who does not timely enroll after becoming eligible to participate in such Offering Period shall not participate in that Offering Period or any subsequent Offering Period unless such employee follows the enrollment procedures established by the Company and enrolls in this Plan by the enrollment deadline established by the Company before a subsequent Offering Date. A Participant will automatically participate in each Offering Period commencing immediately following the last day of the prior Offering Period unless he or she withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Sections 11 or 12 below. A

Participant is not required to file any additional agreement in order to continue participation in this Plan. An employee may only participate in one Offering Period at a time.

7. Grant of Option on Enrollment. Enrollment by an eligible employee in this Plan with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Participant of an option to purchase on the Purchase Date up to that number of shares of Common Stock of the Company determined by dividing (a) the amount accumulated in such employee's payroll deduction account during the applicable Accrual Period in such Offering Period by (b) the lower of (i) eighty-five percent (85%) of the Fair Market Value of a share of the Company's Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the Fair Market Value of a share of the Company's Common Stock on the Purchase Date (but in no event less than the par value of a share of the Company's Common Stock); provided, however, that the number of shares of the Company's Common Stock subject to any option granted pursuant to this Plan shall not exceed the maximum number of shares which may be purchased pursuant to Sections 10(a), 10(b) or 10(c) below with respect to the applicable Accrual Period. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 hereof.

8. Purchase Price. The purchase price per share at which a share of Common Stock will be sold to Participants in any Offering Period shall be eighty-five percent (85%) of the lesser of:

- (a) The Fair Market Value on the Offering Date; or
- (b) The Fair Market Value on the Purchase Date;

provided, however, that in no event may the purchase price per share of the Company's Common Stock be below the par value per share of the Company's Common Stock.

9. Payment Of Purchase Price; Changes In Payroll Deductions; Issuance Of Shares.

(a) The purchase price of the shares is accumulated by regular payroll deductions made during each Accrual Period in an Offering Period. The deductions are made as a percentage of the Participant's compensation in one percent (1%) increments not less than two percent (2%), nor greater than ten percent (10%) or such lower limit set by the Committee. Compensation shall mean base salary and commissions. Payroll deductions shall commence on the first payday of each Accrual Period and shall end on the last payday that occurs in such Accrual Period unless sooner altered or terminated as provided in this Plan. Notwithstanding the foregoing, if the last payday that occurs in an Accrual Period is within five business days prior to the Purchase Date, the last payday may be deemed to be the immediately preceding payday, provided that such determination is made and announced prior to the scheduled beginning of the applicable Accrual Period.

(b) A Participant may change the rate of payroll deductions during an Offering Period as set forth below:

(i) Effective for Offering Periods commencing on or before December 16, 2002 (and through the first six-month Accrual Period in such Offering Period), a Participant may lower (but not increase) the rate of payroll deductions during an Offering Period by filing with the Company a new authorization for payroll deductions, in which case the new rate shall become effective after the Company's receipt of the authorization in accordance with the Company's administrative procedures for the Plan and shall continue for the remainder of the Offering Period unless changed as described below. Such change lowering the rate of payroll deductions may be made at any time during an Offering Period, but not more than one (1) change may be made effective during any Accrual Period. A Participant who lowers his or her rate of payroll deduction during an Accrual Period may later request to cease payroll deductions during the same Accrual Period under Section 9(d) below through the first six-month Accrual Period in the Offering Period commencing December 16, 2002.

(ii) Effective beginning with the first three-month Accrual Period in the Offering Period commencing December 16, 2002 and for each subsequent Offering Period, a Participant may lower or increase the rate of payroll deductions to be effective with the next Accrual Period in the Offering Period in which the Participant is enrolled by filing with the Company a new authorization for payroll deductions. The Participant must file the authorization before the beginning of the next Accrual Period during the same time period as enrollment is open under Section 6 above.

(c) A Participant may increase or decrease the rate of payroll deductions for any subsequent Offering Period by filing with the Company a new authorization for payroll deductions before the beginning of such Offering Period by the deadline established by the Company and in accordance with the Company's administrative procedures for the Plan.

(d) Effective with the Offering Period commencing December 16, 2000 and ending with the first six-month Accrual Period in the Offering Period commencing December 16, 2002, a participant may reduce his or her payroll deduction rate to zero during an Offering Period by filing with the Company a request to cease payroll deductions. Such request shall be effective after the Company's receipt of the request in accordance with the Company's administrative procedures for the Plan and provided the payroll deduction suspension request is made by the deadline established by the Company no further payroll deductions will be made for the duration of the Offering Period. Payroll deductions credited to the Participant's account prior to the effective date of the request shall be used to purchase shares of Common Stock of the Company in accordance with Section 9(f) below. A Participant may not resume making payroll deductions during the Offering Period in which he or she reduces his or her payroll deduction rate to zero. Unless the Participant elects to withdraw effective following the purchase in accordance with Section 11 below, the Participant's payroll deductions will automatically restart for the Offering Period that begins immediately following the Purchase Date at the rate that was in effect before the Participant filed his or her request to cease payroll deductions.

(e) All payroll deductions made for a Participant are credited to his or her account under this Plan and are deposited with the general funds of the Company. No interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

(f) On each Purchase Date, so long as this Plan remains in effect and provided that the Participant has not timely submitted a signed and completed withdrawal form before that date which notifies the Company that the Participant wishes to withdraw from that Offering Period under this Plan and have all payroll deductions accumulated in the account maintained on behalf of the Participant as of that date returned to the Participant, the Company shall apply the funds then in the Participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such Participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of this Plan. Effective with the Offering Period commencing June 16, 2001, any cash remaining in a Participant's account after such purchase of shares because the amount is insufficient to purchase a whole share shall be returned to the Participant, without interest. Prior to the Offering Period commencing June 16, 2001, any cash remaining in a Participant's account after such purchase of shares because the amount is insufficient to purchase a whole share shall be carried forward, without interest, into the next Accrual Period. Any cash remaining in a Participant's account after such purchase due to the limitations in Section 10 below shall be returned to the Participant, without interest. Subject to Section 12 below, no Common Stock shall be purchased on a Purchase Date on behalf of any employee or former employee whose participation in this Plan has terminated prior to such Purchase Date.

(g) As promptly as practicable after the Purchase Date, the Company shall issue shares representing the shares purchased.

(h) During a Participant's lifetime, such Participant's option to purchase shares hereunder is exercisable only by him or her. The Participant will have no interest or voting right in shares covered by his or her option until such option has been exercised. Shares issued for the benefit of a Participant under this Plan will be issued to an account in the name of the Participant or in the name of the Participant and his or her spouse.

10. Limitations on Shares to be Purchased.

(a) No Participant shall be entitled to purchase stock under this Plan at a rate which, when aggregated with his or her rights to purchase stock under all other employee stock purchase plans of the Company or any Subsidiary, exceeds \$25,000 in fair market value, determined as of the Offering Date (or such other limit as may be imposed by the Code) for each calendar year in which the employee is a Participant in this Plan.

(b) No more than twice the number of shares that the Participant could have purchased at the price on an Offering Date may be purchased by a Participant on any single Purchase Date within that Offering Period.

(c) No Participant shall be entitled to purchase more than the Maximum Share Amount on any single Purchase Date. Prior to the commencement of any Offering Period, the Committee may, in its sole discretion, set a Maximum Share Amount. In no event shall the Maximum Share Amount exceed the amounts permitted under Section 10(b) above. If a new Maximum Share Amount is set, then all Participants must be notified of such Maximum Share Amount prior to the deadline established by the Company to enroll or change the rate of payroll deductions for the next Offering Period. Once the Maximum Share Amount is set, it shall continue to apply with respect to all succeeding Offering Periods unless revised by the Committee as set forth above.

(d) If the number of shares to be purchased on a Purchase Date by all Participants exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a Participant's option to each Participant affected thereby.

(e) Any payroll deductions accumulated in a Participant's account which are not used to purchase stock due to the limitations in this Section 10 shall be returned to the Participant as soon as practicable after the end of the applicable Accrual Period, without interest.

11. Withdrawal.

(a) Each Participant may withdraw from an Offering Period under this Plan by withdrawing from the Plan in accordance to the procedures established by the Company by the deadline established by the Company for withdrawals.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn Participant, without interest, and his or her interest in this Plan shall terminate. In the event a Participant withdraws from this Plan in accordance with Section 11(a), he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth above in Section 6 for initial participation in this Plan.

(c) If the Fair Market Value on the first day of a current Offering Period in which a Participant is enrolled is higher than the Fair Market Value on the first day of any subsequent Offering Period, the current Offering Period will end following the Purchase Date and the Company will automatically enroll such Participant in the Offering Period that begins immediately following the Purchase Date. Any funds accumulated in the Participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period. A Participant does not need to file any forms with the Company to

automatically be enrolled in the subsequent Offering Period in accordance with this Section 11(c).

12. Termination of Employment.

(a) Effective with the Offering Period commencing December 16, 2001 and ending with the Purchase Date of the first six-month Accrual Period in the Offering Period commencing December 16, 2002, if a Participant terminates employment for any reason within ninety (90) days prior to a Purchase Date, payroll deductions credited to the Participant's account prior to the date his or her employment terminates shall be used to purchase shares of Common Stock of the Company in accordance with Section 9(f) above. If, however, the Participant or, in the event of the Participant's death, the Participant's legal representative, elects to withdraw from the Plan in accordance with Section 11 above, payroll deductions credited to the Participant's account prior to the date his or her employment terminates shall be returned to the Participant or, in the case of his or her death, to his or her legal representative, without interest. If a Participant terminates employment for any reason more than ninety (90) days prior to a Purchase Date, payroll deductions credited to the Participant's account prior to the date his or her employment terminates shall be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest.

(b) Prior to the Offering Period commencing December 16, 2001 and effective immediately following the first Purchase Date of the Offering Period commencing December 16, 2002 and for subsequent Offering Periods, termination of a Participant's employment for any reason, including retirement, death or the failure of a Participant to remain an eligible employee under Section 4 above, immediately terminates his or her participation in this Plan. In such event, the payroll deductions credited to the Participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest.

(c) For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain an eligible employee in the case of sick leave, military leave, or any other leave of absence approved by the Committee; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

13. Return of Payroll Deductions. In the event a Participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated, the Company shall promptly deliver to the Participant all payroll deductions credited to such Participant's account. No interest shall accrue on the payroll deductions of a Participant in this Plan.

14. Capital Changes. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under this Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under this Plan but have not yet been placed under option, as

well as the price per share of Common Stock covered by each option under this Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from a stock split or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of issued and outstanding shares of Common Stock effected without receipt of any consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration"; and provided further, that the price per share of Common Stock shall not be reduced below its par value per share. Such adjustment shall be made by the Committee, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, each Offering Period will terminate immediately prior to the consummation of such proposed action and the accrued payroll deductions will be returned to each Participant without interest, unless otherwise provided by the Committee. The Committee may, in the exercise of its sole discretion in such instances, shorten each Offering Period in progress and establish a new Purchase Date (the "Special Purchase Date") upon which the accrued payroll deductions of each Participant who does not elect to withdraw his or her payroll deductions will be used to purchase whole shares with any remaining cash balance in a Participant's account being returned to such Participant as soon as administratively practicable following the Special Purchase Date. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into another corporation, each option under this Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event the successor corporation does not assume or substitute such options, the Committee shall shorten each Offering Period in progress and establish a Special Purchase Date upon which the accrued payroll deductions of each Participant who does not elect to withdraw his or her payroll deductions will be used to purchase whole shares with any remaining cash balance in a Participant's account being returned to such Participant as soon as administratively practicable following the Special Purchase Date. The price at which each share may be purchased on such Special Purchase Date shall be calculated in accordance with Section 8 above as if "Purchase Date" were replaced by "Special Purchase Date".

The Committee may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock, or in the event of the Company being consolidated with or merged into any other corporation; provided, that the price per share of Common Stock shall not be reduced below its par value per share.

- 15. Nonassignability.** Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.
- 16. Reports.** Individual accounts will be maintained for each Participant in this Plan. Each Participant shall receive promptly after the end of each Offering Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and any cash remaining in the Participant's account after the shares are purchased.
- 17. Notice of Disposition.** Effective January 1, 2003, in order that the Company may properly report the compensation attributable to a Participant's disposition of shares purchased under this Plan, the Company may require Participants to keep shares purchased under this Plan in an account established with a broker dealer approved by the Company until the Participant sells, gifts or transfers such shares by descent or distribution. Prior to such Offering Period, each Participant may be required to notify the Company if the Participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within the Notice Period. The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the Participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.
- 18. No Rights to Continued Employment.** Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Subsidiary, or restrict the right of the Company or any Subsidiary to terminate such employee's employment.
- 19. Equal Rights And Privileges.** All eligible employees shall have equal rights and privileges with respect to this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company or the Committee, be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.
- 20. Notices.** All notices or other communications by a Participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.
- 21. Term; Stockholder Approval.** This Plan became effective October 7, 1996, the date on which it was adopted by the Board and was approved by the stockholders of the

Company, in a manner permitted by applicable corporate law, within twelve (12) months after the date this Plan was adopted by the Board. No purchase of shares pursuant to this Plan occurred prior to such stockholder approval. This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board or the Committee (which termination may be effected at any time), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) ten (10) years from the adoption of this Plan by the Board.

22. Death of a Participant.

(a) Effective with the Offering Period commencing December 16, 2001 and ending with the Purchase Date of the first six-month Accrual Period in the Offering Period commencing December 16, 2002, in the event of a Participant's death, payroll deductions in his or her account shall, in accordance with Section 12(a) above, and the Participant's will or the laws of descent and distribution to the extent consistent with this Plan, either (i) purchase Shares on the next Purchase Date in accordance with Section 12(a); or (ii) be refunded to the Participant's legal representative in accordance with Section 12(a). Effective immediately following the first Purchase Date of the Offering Period commencing December 16, 2002 and for subsequent Offering Periods in the event of a Participant's death, payroll deductions in his or her account shall be refunded to the Participant's legal representative in accordance with Section 12(b). Any shares purchased under the Plan on behalf of a Participant are to be treated in accordance with the Participant's will or the laws of descent and distribution.

(b) Prior to the Offering Period commencing December 16, 2001, a Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under this Plan in the event of such Participant's death subsequent to the end of an Offering Period but prior to delivery to him of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under this Plan in the event of such Participant's death prior to a Purchase Date.) Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such Participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

24. Applicable Law. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of California.

25. Amendment or Termination of this Plan. The Committee may at any time amend, terminate or extend the term of this Plan, except that any such termination cannot affect options previously granted under this Plan, nor may any amendment make any change in an option previously granted which would adversely affect the right of any Participant.

Notwithstanding the prohibition against affecting options previously granted under this Plan, this Plan or an Offering Period may be terminated by the Committee on a Purchase Date or by the Committee's setting a new Purchase Date with respect to an Offering Period then in progress if the Committee determines that termination of the Plan and/or the Offering Period is in the best interests of the Company and the stockholders or if continuation of the Plan and/or the Offering Period would cause the Company to incur adverse accounting charges as a result of a change in the generally accepted accounting rules or interpretations thereof that are applicable to this Plan.

The Company must obtain stockholder approval for each amendment of this Plan for which stockholder approval is required by the Code, the rules of any stock exchange or automated quotation system upon which the Company's shares may then be listed, or any other applicable laws or regulation. Such stockholder approval must be obtained, in a manner permitted by applicable corporate law, within twelve (12) months of the adoption of such amendment by the Committee.

26. Definitions.

- (a) "Board" means the Board of Directors of the Company.
- (b) "Code" means the Internal Revenue Code of 1986, as amended.
- (c) "Committee" means a committee appointed by the Board. If two or more members of the Board are Outside Directors, the Committee will be comprised of at least two (2) members of the Board, all of whom are Outside Directors. If no Committee has been established references to the "Committee" shall mean the Board.
- (d) "Company" means Intuit Inc., a Delaware corporation.
- (e) "Fair Market Value" means as of any date, the value of a share of the Company's Common Stock determined as follows:
 - (i) if such Common Stock is then quoted on the Nasdaq National Market, its last reported sale price on the Nasdaq National Market or, if

no such reported sale takes place on such date, the average of the closing bid and asked prices;

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

(iii) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market or listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported in *The Wall Street Journal*, for the over-the-counter market; or

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

- (f) "Maximum Share Amount" means the maximum number of shares which may be purchased by any employee at any single Purchase Date.
- (g) "Notice Period" is the period beginning two (2) years from the Offering Date and one (1) year from the Purchase Date on which such shares were purchase.
- (h) "Offering Date" is the first business day of each Offering Period.
- (i) "Offering Period" means through the Offering Period commencing June 16, 2002, a twelve-month period containing two six-month Accrual Periods. Effective with the Offering Period commencing June 16, 2003, Offering Period means a twelve-month period containing four three-month Accrual Periods. The transitional Offering Period commencing December 16, 2002 shall be a twelve-month period containing one six-month Accrual Period and two three-month Accrual Periods. Effective prior to June 16, 2001, the Offering Period was six-months in length and contained one six-month Accrual Period.
- (j) "Outside Directors" means outside directors within the meaning of Code Section 162(m).
- (k) "Participating Subsidiaries" means Subsidiaries that have been designated by the Committee from time to time as eligible to participate in this Plan,
- (l) "Plan" means this Intuit Inc. 1996 Employee Stock Purchase Plan, as amended from time to time.

- (m) "Parent Corporation" and "Subsidiary" (collectively, "Subsidiaries") shall have the same meanings as "parent corporation" and "subsidiary corporation" in Code Sections 424(e) and 424(f).
- (n) "Participant" means an employee who meets the eligibility requirements of Section 4 above and timely enrolls in the Plan in accordance with Section 6 above.
- (o) "Purchase Date" is the last business day of each Accrual Period.
- (p) "Accrual Period" means prior to June 16, 2003, a six-month period during which payroll deductions are accumulated and effective June 16, 2003 means, a three-month period during which payroll deductions are accumulated.
- (q) "Reserves" means (i) the number of shares of Common Stock covered by each option under this Plan which has not yet been exercised and (ii) the number of shares of Common Stock which have been authorized for issuance under this Plan but have not yet been placed under option.

INTUIT INC.

1998 OPTION PLAN FOR MERGERS AND ACQUISITIONS

As Amended Through July 29, 2003

1. PURPOSE. The purpose of the Plan is to provide incentives to retain and motivate eligible persons whose present and potential contributions are important to the success of the Company (or any Parent, Subsidiary or Affiliate of the Company), by offering those persons an opportunity to participate in the Company's future performance through awards of Options. Capitalized terms are defined in Section 21 if they are not otherwise defined in other sections of the Plan.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 16, the total number of Shares reserved and available for grant and issuance pursuant to Options under the Plan shall be 6,000,000 Shares. Subject to Sections 2.2 and 16, Shares will again be available for grant and issuance in connection with future Options under the Plan if the Shares: (a) are subject to issuance upon exercise of an Option but cease to be subject to the Option for any reason other than exercise of the Option; (b) are issued on exercise of an Option but are repurchased by the Company at the original issue price because the Shares are unvested at the time of the Participant's Termination. At all times the Company will reserve and keep available a sufficient number of Shares to satisfy the requirements of all outstanding Options granted under the Plan.

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

3. ELIGIBILITY. Only persons who commence providing services to the Company or any Parent, Subsidiary or Affiliate of the Company as a result of a merger or acquisition by the Company or any Parent, Subsidiary or Affiliate of the Company may receive Options under the Plan. Options may be granted to such individuals only for a period of up to eighteen months following the closing of the merger or acquisition. Options may be granted to employees, officers, consultants, independent contractors and advisors of the Company or any Parent, Subsidiary or Affiliate of the Company. Options awarded to Insiders or to other individuals who are officers of the Company may not exceed in the aggregate forty-five percent (45%) of all Shares that are reserved for grant under the Plan and employees who are not officers of Intuit must receive at least fifty-one percent (51%) of all Shares that are reserved for grant under the Plan. Only consultants, contractors and advisors that render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction may be granted Options under the Plan. A person may be granted more than one Option under the Plan.

4. ADMINISTRATION.

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

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

- (b) prescribe, amend and rescind rules and regulations relating to the Plan, including determining the forms and agreements used in connection with the Plan; provided that the Committee may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources, in consultation with the General Counsel, the authority to approve revisions to the forms and agreements used in connection with the Plan that are designed to facilitate Plan administration, and that are not inconsistent with the Plan or with any resolutions of the Committee relating to the Plan;
- (c) select persons to receive Options; provided that the Committee may delegate to one or more Executive Officers of the Company the authority to grant an Option under the Plan to Participants who are not Insiders of the Company;
- (d) determine the terms of Options;
- (e) determine the number of Shares subject to Options;
- (f) determine whether Options will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Options under the Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;
- (g) grant waivers of Plan or Option conditions;
- (h) determine the vesting, exercisability of Options;
- (i) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Option or any Stock Option Agreement;
- (j) determine whether an Option has been earned;
- (k) amend the Plan, except for amendments that increase the number of Shares available for issuance under the Plan or change the eligibility criteria for participation in the Plan; or
- (l) make all other determinations necessary or advisable for the administration of the Plan.

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

5. **OPTIONS.** Only nonqualified stock options that do not qualify as incentive stock options within the meaning of the section 422(b) Code may be granted under the Plan. The Committee may grant Options to eligible persons and will determine (i) the number of Shares subject to the Option, (ii) the Exercise Price of the Option, (iii) the period during which the Option may be exercised, and (iv) all other terms and conditions of the Option, subject to the following:

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

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant the Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement, and a copy of the Plan and the current Prospectus for the Plan (plus any additional documents required to be delivered under applicable laws), will be delivered to the Participant within a reasonable time after the Option is granted. The Plan, the Prospectus and other documents may be delivered in any manner (including electronic distribution or posting) that meets applicable legal requirements.

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

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may not be less than the Fair Market Value (and not less than the par value of the Shares) of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 6 of the Plan and the Stock Option Agreement.

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

5.6 Termination.

(a) Vesting. Any Option granted to a Participant will cease to vest on the Participant's Termination Date, if the Participant is Terminated for any reason other than "total disability" (as defined in this Section 5.6(a)) or death (or his or her death occurs within three months of Termination). Any Option granted on or after May 31, 2002 to a Participant who is an employee will vest as to 100% of the Shares subject to such Option, if the Participant is Terminated due to "total disability" or death (or his or her death occurs within three months of Termination) provided that the Participant is either an employee who has been actively employed by the Company or any Subsidiary for one year or more or a director. For purposes of this Section 5.6(a) "total disability" shall mean: (A) (i) for so long as such definition is used for purposes of the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan, that the Participant is unable to perform each of the material duties of any gainful occupation for which the Participant is or becomes reasonably fitted by training, education or experience and which total disability is in fact preventing the Participant from engaging in any employment or occupation for wage or profit; or, (ii) if such definition has changed, such other definition of "total disability" as determined under the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (B) the Company shall have received from the Participant's primary physician a certification that the Participant's total disability is likely to be permanent. Any Option granted to an employee on or after May 31, 2002 who is Terminated by the Company, or any Subsidiary or Parent within one year following the date of a Corporate Transaction (other than the merger or acquisition that made the Participant eligible for Options under this Plan), will immediately vest as to such number of Shares as the Participant would have been vested twelve months after the date of Termination had the Participant remained employed for that twelve month period.

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

- (i) no later than 90 days after the Termination Date if a Participant is Terminated for any reason except death or Disability, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option; or
- (ii) no later than (A) twelve months after the Termination Date in the case of Termination due to Disability or (B) eighteen months after the Termination Date in the case of Termination due to death or if a Participant dies within three months of the Termination Date, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option.

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

5.8 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor; provided that any such action may not, without the written consent of Participant, impair any of Participant's rights under any Option previously granted; and provided, further that without stockholder approval, the modified, extended, renewed or new Option may not have a lower Exercise Price than the outstanding Option. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected, by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of the Plan for Options granted on the date the action is taken to reduce the Exercise Price; and provided, further, that the Exercise Price shall not be reduced below the par value of the Shares.

6. PAYMENT FOR SHARE PURCHASES.

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

- (a) in cash (by check);
- (b) by cancellation of indebtedness of the Company to the Participant;
- (c) by surrender of shares that either: (1) were obtained by the Participant in the public market; or (2) if the shares were not obtained in the public market, they have been owned by the Participant for more than six months and have been paid for within the meaning of SEC Rule 144 (and, if the shares were purchased from the Company by use of a promissory note, the note has been fully paid with respect to the Shares);
- (d) by waiver of compensation due or accrued to Participant for services rendered;
- (e) by tender of property; or
- (f) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:
 - (1) except for a Participant who is an Executive Officer or a director of the Company, through a "same day sale" commitment from Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares purchased in order to pay the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company;

for a Participant who is an Executive Officer or a director of the Company, through a "same day sale" commitment from Participant and an NASD Dealer whereby the NASD Dealer irrevocably commits to forward the Exercise Price directly to the Company before the Company issues the Shares; or
 - (2) except for a Participant who is an Executive Officer or a director of the Company, through a "margin" commitment from Participant and an NASD Dealer whereby Participant irrevocably elects to exercise the Option and to pledge the Shares purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company.

for a Participant who is an Executive Officer or a director of the Company, through a “margin” commitment from Participant and an NASD Dealer whereby the NASD Dealer irrevocably commits to forward the Exercise Price directly to the Company before the Company issues the Shares.

6.2 Issuance of Shares. Upon payment of the applicable Exercise Price (or a commitment for payment from the NASD Dealer designated by the Participant in the case of an exercise by means of a “same-day sale” or “margin” commitment), and compliance with other conditions and procedures established by the Company for the purchase of shares, the Company shall issue the Shares registered in the name of Participant (or in the name of the NASD Dealer designated by the Participant in the case of an exercise by means of a “same-day sale” or “margin” commitment) and shall deliver certificates representing the Shares (in physical or electronic form, as appropriate). The Shares may be subject to legends or other restrictions as described in Section 12 of the Plan.

7. WITHHOLDING TAXES.

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

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

8. **PRIVILEGES OF STOCK OWNERSHIP.** No Participant will have any rights as a stockholder of the Company with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to the Shares; provided, however, that if the Shares are unvested, any new, additional or different securities the Participant may become entitled to receive with respect to the Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the unvested Shares; provided further, that the Participant will have no right to retain such dividends or distributions with respect to Shares that are repurchased at the Participant’s original Exercise Price pursuant to Section 10.

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

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

11. **CERTIFICATES.** All certificates for Shares or other securities delivered under the Plan (whether in physical or electronic form, as appropriate) will be subject to stock transfer orders, legends and other restrictions that the Committee deems necessary or advisable, including without limitation restrictions under any applicable federal, state or

foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system on which the Shares may be listed.

12. ESCROW. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other transfer instruments approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company, to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates.

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

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

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

16. CORPORATE TRANSACTIONS.

16.1 Assumption or Replacement of Options by Successor. In the event of (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company and the Options granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Participants), (b) a dissolution or liquidation of the Company, (c) the sale of substantially all of the assets of the Company, or (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company), any or all outstanding Options may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Options or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Options). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation, if any, refuses to assume or replace the Options, as provided above, pursuant to a transaction described in this Section 16.1, such Options shall expire in connection with the transaction at such time and on such conditions as the Board shall determine. In the event such successor corporation, if any, refuses to assume or replace the Awards, as provided above, pursuant to a Corporate Transaction or if there is no successor corporation due to a dissolution or liquidation of the Company, such Awards shall immediately vest as to 100% of the Shares subject thereto at such time and on such conditions as the Board shall determine and the Awards shall expire at the closing of the transaction or at the time of dissolution or liquidation.

16.2 Other Treatment of Options. Subject to any greater rights granted to Participants under Section 16.1, in the event of the occurrence of any transaction described in Section 16.1, any outstanding Options shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, sale of assets or other “corporate transaction.”

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

17. **ADOPTION.** The Plan is effective on the date that it is adopted by the Board (the “Effective Date”).

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

19. **AMENDMENT OR TERMINATION OF PLAN.** The Board may at any time terminate or amend the Plan in any respect, including without limitation amendment of any form of Stock Option Agreement or instrument to be executed pursuant to the Plan. In addition, pursuant to Section 4.1(k), the Board has delegated to the Committee the authority to make certain amendments to the Plan. In addition, no amendment that is detrimental to a Participant may be made to any outstanding Option without the consent of the Participant.

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

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

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

(b) “Board” means the Board of Directors of the Company.

(c) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

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

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

- (f) “Disability” means a disability within the meaning of Section 22(e)(3) of the Code, as determined by the Committee.
- (g) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.
- (h) “Executive Officer” means a person who is an “executive officer” of the Company as defined in Rule 3b-7 promulgated under the Exchange Act.
- (i) “Exercise Price” means the price at which a Participant who holds an Option may purchase the Shares issuable upon exercise of the Option.
- (j) “Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:
- (1) if such Common Stock is then quoted on the NASDAQ National Market, its last reported sale price on the NASDAQ National Market on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;
 - (2) if such Common Stock is publicly traded and is then listed on a national securities exchange, the last reported sale price on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;
 - (3) if such Common Stock is publicly traded but is not quoted on the NASDAQ National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported by The Wall Street Journal, for the over-the-counter market; or
 - (4) if none of the foregoing is applicable, by the Board of Directors of the Company in good faith.
- (k) “Insider” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.
- (l) “NASD Dealer” means broker-dealer that is a member of the National Association of Securities Dealers, Inc.
- (m) “Option” means an award of an option to purchase Shares pursuant to Section 5 of the Plan.
- (n) “Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if at the time of the granting of an Option under the Plan, each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- (o) “Participant” means a person who receives an Option under the Plan.
- (p) “Plan” means this Intuit Inc. 1998 Option Plan for Mergers and Acquisitions, as amended from time to time.
- (q) “Prospectus” means the prospectus relating to the Plan, as amended from time to time, that is prepared by the Company and delivered or made available to Participants pursuant to the requirements of the Securities Act.
- (r) “SEC” means the Securities and Exchange Commission.

- (s) "Securities Act" means the Securities Act of 1933, as amended, and the regulations promulgated thereunder.
- (t) "Shares" means shares of the Company's Common Stock \$0.01 par value, reserved for issuance under the Plan, as adjusted pursuant to Sections 2 and 16, and any successor security.
- (u) "Stock Option Agreement" means an agreement evidencing the award of an Option.
- (v) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- (w) "Termination" or "Terminated" means, for purposes of the Plan with respect to a Participant, that the Participant has ceased to provide services as an employee, consultant, independent contractor or advisor, to the Company or a Parent, Subsidiary or Affiliate of the Company; provided that a Participant shall not be deemed to be Terminated if the Participant is on a leave of absence approved by the Committee or by an officer of the Company designated by the Committee; and provided further, that during any approved leave of absence, vesting of Options shall be suspended or continue in accordance with guidelines established from time to time by the Committee. Subject to the foregoing, the Committee shall have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "Termination Date").

INTUIT INC. 1998 OPTION PLAN GRANT AGREEMENT

Intuit Inc., a Delaware corporation (the "Company"), hereby grants a non-qualified stock option ("Option") to Participant named below, pursuant to the Company's 1998 Option Plan for Mergers and Acquisitions, as amended through July 29, 2003 (the "Plan"), to purchase shares of the Company's Common Stock, \$0.01 par value per share ("Common Stock") as described below. This Option is subject to all of terms and conditions of the Plan, which is attached to this Agreement and incorporated into this Agreement by reference. All capitalized terms in this Agreement that are not defined in the Agreement have the meanings given to them in the Plan.

Name of Participant:
Social Security Number:
Address:

Number of Shares:
Type of Option:
Exercise Price Per Share:
Date of Grant:
First Vesting Date:
Expiration Date:
Vesting Schedule:

Non-qualified Stock Option

So long as Participant is providing services to the Company, 33 1/3% of the Shares will vest on the First Vesting Date; then 2.778% of the Shares will vest on each monthly anniversary of the First Vesting Date until 100% vested. On Termination, the Option shall either cease to vest or, in the event Participant has been actively employed by the Company for one year or more and becomes totally disabled or dies as provided in Section 5.6 of the Plan, accelerate in full. Following termination, Participant may exercise the Option only as provided in Section 5.6 of the Plan. Vesting may also be suspended in accordance with Company policies, as described in Section 5.6 of the Plan.

To exercise this Option, Participant must follow the exercise procedures established by the Company, as described in Section 5.5 of the Plan. This Option may be exercised only with respect to vested shares. Payment of the Exercise Price for the Shares may be made in cash (by check) and/or, if a public market exists for the Company's Common Stock, by means of a Same-Day-Sale Commitment or Margin Commitment from Participant and an NASD Dealer (as described in Section 6.1 of the Plan). Upon exercise of this Option, Participant understands that the Company may be required to withhold taxes.

This Agreement (including the Plan, which is incorporated by reference) constitutes the entire agreement between the Company and the Participant with respect to this Option, and supersedes all prior agreements or promises with respect to the Option. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and the Participant. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of the Option described in the Plan, this Agreement shall be binding on Participant's permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered to the Company or the Participant at their respective addresses set forth in this Agreement, or at such other address designated in writing by either of the parties to the other.

Additional information about the Plan and this Option (including certain tax consequences of exercising the Option and disposing of the Shares) is contained in the Prospectus for the Plan. A copy of the Prospectus is available on the stock options pages of the Intuit Legal Department intranet web site, or by calling Sharon Savatski, the Company's Stock Plan Analyst, at (650) 944-6504.

The Company has signed this Option Agreement effective as the Date of Grant.

INTUIT INC.
2632 Marine Way
Mountain View, California 94043

By: _____
Robert B. Henske, Senior Vice President
and Chief Financial Officer

PARTICIPANT'S ACCEPTANCE

I accept this Agreement and agree to the terms and conditions in this Agreement and the Plan. I acknowledge that I have received a copy of the Company's 1998 Option Plan for Mergers and Acquisitions, and I understand and agree that this Agreement is not meant to interpret, extend, or change the Plan in any way, nor to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Company, the provisions of the Plan shall apply.

INTUIT INC. 2002 EQUITY INCENTIVE PLAN
STOCK BONUS AGREEMENT

RESTRICTED STOCK UNITS

Intuit Inc., a Delaware corporation (the "Company"), hereby grants you a Stock Bonus Award ("Award") pursuant to the Company's 2002 Equity Incentive Plan (the "Plan"), for the number of shares of the Company's Common Stock, \$0.01 par value per share ("Common Stock") set forth below. This Award is subject to all of the terms and conditions of the Plan, which is incorporated into this Agreement by reference. All capitalized terms in this Stock Bonus Agreement ("Agreement") that are not defined in this Agreement have the meanings given to them in the Plan.

Name of Participant:	Stephen M. Bennett
Social Security Number:	
Address:	
Number of Shares:	425,000
Date of Grant:	July 30, 2003
First Vesting Date:	July 31, 2006
Second Vesting Date:	July 31, 2007
Final Vesting Date:	July 31, 2008

Vesting Schedule: You will vest as to 255,000 of the shares on the First Vesting Date set forth above, provided you are continuously employed by the Company through that date. You will vest in an additional 85,000 of the shares on the Second Vesting Date set forth above, provided you are continuously employed by the Company through that date. You will vest in the final 85,000 of the shares on the Final Vesting Date set forth above, provided you are continuously employed by the Company through that date.

In the event of your Termination prior to the Final Vesting Date due to either your: (1) "Involuntary Termination" or "Termination without Cause"; or (2) "Termination Following a Change in Control", the following provisions will govern the vesting of this Award:

(1) Termination due to your Involuntary Termination or Termination without Cause: In the event of your Termination prior to the Final Vesting Date due to your Involuntary Termination or Termination without Cause, you will automatically vest pro-rata in a percentage of the total Number of Shares set forth above equal to your number of full months of service from the Date of Grant to your Termination Date divided by sixty months. For purposes of this Award, "Involuntary Termination" shall have the meaning given to it in Section 6(a) and "Termination without Cause" shall have the meaning given to it in Section 6(d) of your Amended and Restated Employment Agreement dated July 30, 2003 (your "Employment Agreement").

(2) Termination Following a Change in Control: In the event of your Termination Following a Change in Control prior to the Final Vesting Date, you will automatically vest as to 100% of the total Number of Shares set forth above. For purposes of this Award, "Termination Following a Change in Control" shall have the meaning given to it in Section 7(d) of your Employment Agreement.

In the event of your Termination prior to the Final Vesting Date due to any other reason, you will immediately stop vesting in this Award and this Award will terminate as to any and all shares in which you have not vested as of your Termination Date. Accordingly, if your Termination Date occurs before the First Vesting Date, this Award will terminate as to all of the shares and you will have no rights to any benefits under this Award. If your Termination Date occurs after the First Vesting Date, but before the Second Vesting Date, you will have vested in 255,000 of the shares, and this Award will terminate as to 170,000 of the shares. If your Termination Date occurs after the Second Vesting Date, but before the Final Vesting Date, you will have vested in 340,000 of the shares, and this Award will terminate as to 85,000 of the shares.

Issuance of Shares under this Award: The Company will only issue you shares under this Award in which you have vested ("Vested Shares") in accordance with the Vesting Schedule provisions set forth above. The Company will issue you Vested Shares of the Company's Common Stock on the first business day of the fiscal year following the fiscal year in which you cease to be both Chief Executive Officer of the Company and a "covered employee", as defined in Section 162(m)(3) of the Code; provided, however, that you may make a one-time election until a date determined by the Compensation and Organizational Development Committee to have the Company issue fifty-percent (50%) of the Vested Shares at an earlier date. This one-time election must be made in a form and at a time acceptable to the Company.

Withholding Taxes at Vesting: Under payroll withholding tax provisions in effect on the Date of Grant, the vesting of shares under this Award gives rise to a FICA and Medicare withholding obligation on the part of the Company calculated with reference to an amount equal to the Fair Market Value of the shares on the date the shares become Vested Shares. You agree that you will remit cash to the Company (through payroll deduction or otherwise) in an amount sufficient to satisfy any withholding obligation of the Company resulting from the vesting of the shares under this Award. Fair Market Value of the shares shall be determined in accordance with Section 23(m) of the Plan on the date that the amount of tax to be withheld is to be determined.

Withholding Taxes at Issuance of Vested Shares: Under federal and state income and payroll withholding tax provisions in effect on the Date of Grant, the issuance of Vested Shares under this Award gives rise to a federal and state income and employment tax withholding obligation on the part of the Company calculated with reference to an amount equal to the Fair Market Value of the Vested Shares on the date the shares are issued to you by the Company. The Company will withhold from the Vested Shares issued to you a number of whole shares having a Fair Market Value equal to the minimum amount to be withheld to satisfy any tax withholding obligation of the Company resulting from the issuance of the Vested Shares and will transmit the equivalent cash amount to the applicable taxing authorities. Fair Market Value of the shares shall be determined in accordance with Section 23(m) of the Plan on the date that the amount of tax to be withheld is to be determined.

Stockholder Rights: You will have no rights as a stockholder until the Vested Shares are issued to you. After Vested Shares are issued to you, you will have all the rights of a stockholder with respect to the shares. Notwithstanding the foregoing, in the event the Company declares dividends for which the record date occurs after the Date of Grant and prior to the date Vested Shares are issued to you, the Company will issue you consideration in an amount the Company determines is equivalent to such declared dividends at the time the Vested Shares are issued to you.

This Agreement (including the Plan, which is incorporated by reference) and your Employment Agreement constitute the entire agreement between you and the Company with respect to this Award, and supersedes all prior agreements or promises with respect to the Award. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and you. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of Awards described in Section 11 of the Plan, this Agreement shall be binding on your permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered to the Company or to you at its or your respective addresses set forth in this Agreement, or at such other address designated in writing by either of the parties to the other.

The Company has signed this Award Agreement effective as the Date of Grant.

INTUIT INC.
2632 Marine Way
Mountain View, California 94043

By: /s/ Robert B. Henske

Robert B. Henske, Chief Financial Officer

PARTICIPANT'S ACCEPTANCE

I accept this Agreement effective as of the Date of Grant and agree to the terms and conditions in this Agreement and the Plan. I acknowledge that I have received a copy of the Plan, and I understand and agree that this Agreement is not meant to interpret, extend, or change the Plan in any way, or to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Company, the provisions of the Plan shall apply.

Signed: /s/ Stephen M. Bennett



July 31, 2003

Lorrie Norrington

Amended and Restated
Employment Agreement

Dear Lorrie:

This letter amends and restates your July 30, 2001 Employment Agreement with Intuit Inc. ("*Intuit*" or the "*Company*").

1. Position. You are employed by Intuit as its Executive Vice President, Office of the CEO. Your employment will continue until termination pursuant to Section 6. You report to the President and Chief Executive Officer of Intuit. You are expected to devote your full working time and attention to the business of Intuit, and you will not render services to any other business without the prior approval of the Board of Directors or, directly or indirectly, engage or participate in any business that is competitive in any manner with the business of Intuit. You are also expected to comply with and be bound by the Company's operating policies, procedures and practices that are from time to time in effect during the term of your employment.
 2. Base Salary. Your base salary for the fiscal year beginning August 2003 will be \$570,000, payable in accordance with Intuit's normal payroll practices with such payroll deductions and withholdings as are required by law. Your base salary will be reviewed on an annual basis and increased from time to time, but in any event such compensation shall not be reduced below \$475,000 during your term of employment.
 3. Bonus. Your bonus for the period February 1, 2003 through July 31, 2003 and your annual performance bonus for the fiscal year beginning August 1, 2003 and subsequent fiscal years will be determined pursuant to Intuit's Senior Executive Incentive Plan (the "SEIP"), a cash bonus incentive plan designed to meet the performance-based compensation exemption under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Your bonus, if any, will be payable upon your attainment of one or more performance goals in accordance with the SEIP. Effective with the fiscal year beginning August 2003, your bonus target will be 70% of your base salary. You have no minimum annual bonus commitment. Your maximum annual bonus will be no greater than \$5,000,000, the maximum annual bonus payable to any one individual under the SEIP.
-

4. Stock Options. On July 31, 2001 (your "Employment Commencement Date"), the Compensation Committee of the Board of Directors granted you a nonqualified stock option to purchase 350,000 shares of Intuit common stock at an exercise price equal to such common stock closing price on your Employment Commencement Date (the "Option"). The Option was granted pursuant to and subject to the terms of the Intuit Inc. 1993 Equity Incentive Plan. For so long as you remain employed by Intuit, the Option will vest and become exercisable over a four year period as follows: twenty-five percent (25%) of the shares subject to the Option vests and become exercisable on the first anniversary of your Employment Commencement Date and one forty-eighth (1/48th) of the shares subject to the Option vests and become exercisable on the last day of each month following the first anniversary of your Employment Commencement Date. The Option will have a maximum term of 10 years from the date of grant, but will terminate earlier in the event your employment terminates. The specific time period during which you may exercise the Option following the termination of your employment, where not provided by this agreement, are set forth in your Stock Option Agreement pursuant to which the Option was awarded. You should consult a tax advisor concerning your income tax consequences before exercising any of the options. Intuit registered the shares issuable under the Option on a Form S-8 registration statement and shall keep such registration statement in effect for the entire period the Option remains outstanding.

5. Other Benefits. You are entitled to the following additional benefits:

(a) You are eligible for health insurance, 401(k), employee stock purchase plan and other benefits offered to all Intuit senior executives of similar rank and status.

(b) You are eligible for reasonable reimbursement of expenses incurred within the two (2) year period following your Employment Commencement Date in connection with your relocation to California, including any brokerage commissions and closing costs associated with the sale of your former principal residence outside of California and the purchase of your principal California residence.

(c) In May 2002, Intuit provided you with a recourse loan in the amount of \$5,500,000 (the "Loan"). The Loan is secured with a first mortgage on your principal California residence and is repayable to Intuit four years from the date of your termination of employment for reasons other than a Voluntary Termination or a Termination for Cause (both as defined in Section 6 below) or within six (6) months following your Voluntary Termination or Termination for Cause or at the end of the 10 year term. Interest accrues at the rate of 5.77% per annum, compounded semi-annually on \$500,000 of the Loan and is payable annually. No interest will accrue on \$5,000,000 of the Loan for the period of the earlier of: (i) four (4) years following the date such Loan is made, or (ii) the date of your Termination for Cause or Voluntary Termination (both as defined in Section 6 below). Thereafter, interest will accrue on the full \$5,500,000 of the Loan at the rate of 5.77% per annum, compounded semi-annually, and will be payable annually.

(d) Intuit will reimburse you for the cost of a life insurance policy for the amount of the Loan with the understanding that the proceeds of such policy will pay off the Loan upon your death.

(e) If within one year following your termination of employment other than a Termination for Cause or Voluntary Termination (both as defined in Section 6 below) you sell your principal California residence (purchased pursuant to Section 5(b) above) Intuit will split with you any loss on the sale of such residence on a fifty/fifty basis. For purposes of this Section 5(e), "loss" means the difference between the cost of the principal residence and the price at which you sell it.

6. Employment and Termination. Your employment with Intuit is at-will and may be terminated by you or by Intuit at any time for any reason as follows:

(a) You may terminate your employment upon written notice to the President/Chief Executive Officer at any time for "Good Reason," as defined below (an "*Involuntary Termination*");

(b) You may terminate your employment upon written notice to the President/Chief Executive Officer at any time in your discretion without Good Reason ("*Voluntary Termination*");

(c) Intuit may terminate your employment upon written notice to you at any time following a determination by two-thirds (2/3) vote of the entire Board of Directors that there is "Cause," as defined below, for such termination ("*Termination for Cause*");

(d) Intuit may terminate your employment upon written notice to you at any time in the sole discretion of two-thirds (2/3) of the entire Board of Directors without a determination that there is Cause for such termination ("*Termination without Cause*");

(e) Your employment will automatically terminate upon your death or upon your disability as determined by the Board of Directors ("*Termination for Death or Total Disability*"); provided that "total disability" shall mean that for a period of one hundred eighty (180) days (A)(i) for so long as such definition is used for purposes of Intuit's group life insurance and accidental death and dismemberment plan or group or long term disability plan, that you are unable to perform each of the material duties of any gainful occupation for which you are or become reasonably fitted by training, education or experience and which total disability is in fact preventing you from engaging in any employment or occupation for wage or profit; or (ii) if such definition has changed, such other definition of "total disability" as determined under Intuit's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (B) Intuit shall have received from your primary care physician a certificate that your total disability is likely to be permanent.

7. Definitions. As used in this agreement, the following terms have the following meanings:

(a) "Good Reason" means (i) a reduction in your title or a material reduction in your duties or responsibilities that is inconsistent with your position as

Executive Vice President, Office of the CEO or a change in your relationship such that you no longer report directly to the Chief Executive Officer; (ii) if within the first four (4) years following your Employment Commencement Date, Stephen Bennett's no longer being a Section 16 officer, as such term is defined in Section 16 of the Securities Exchange Act of 1934, as amended (a "Section 16 Officer") or director of Intuit without your being offered the position of Chief Executive Officer of Intuit; (iii) any reduction in your base annual salary or bonus opportunity (other than in connection with a general decrease in the salary or bonuses for all officers of Intuit) without your consent or material breach by Intuit of any of its obligations hereunder after providing Intuit with written notice within seven days of such breach and an opportunity to cure; (iv) failure of any successor to assume this agreement pursuant to Section 13(d) below; (v) a requirement by Intuit that you relocate your principal office to a facility more than 50 miles from Intuit's current headquarters; or (vi) in the case of a Change in Control, your not being offered a position as a Section 16 Officer of the surviving entity or acquiror that results from any Change in Control. You consent to your participation in the SEIP and agree that the removal of a minimum guaranteed bonus to comply with the performance-based compensation exemption under Code Section 162(m) does not constitute Good Reason for purposes of this Section 7(a).

(b) "Cause" means (i) gross negligence or willful misconduct in the performance of your duties to Intuit (other than as a result of a disability) that has resulted or is likely to result in substantial and material damage to Intuit, after a demand for substantial performance is delivered to you by the Chief Executive Officer which specifically identifies the manner in which you have not substantially performed your duties and you have been provided with a reasonable opportunity to cure any alleged gross negligence or willful misconduct; (ii) commission of any act of fraud with respect to Intuit; or (iii) conviction of a felony or a crime involving moral turpitude causing material harm to the business and affairs of Intuit. No act or failure to act by you shall be considered "willful" if done or omitted by you in good faith with reasonable belief that your action or omission was in the best interests of Intuit.

(c) "Change in Control" means (i) any person or entity becoming the beneficial owner, directly or indirectly, of securities of Intuit representing fifty (50%) percent of the total voting power of all its then outstanding voting securities, (ii) a merger or consolidation of Intuit in which its voting securities immediately prior to the merger or consolidation do not represent, or are not converted into securities that represent, a majority of the voting power of all voting securities of the surviving entity immediately after the merger or consolidation, (iii) a sale of substantially all of the assets of Intuit or a liquidation or dissolution of Intuit, or (iv) individuals who, as of your Employment Commencement Date, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who becomes a director of Intuit subsequent to your Employment Commencement Date, whose election, or nomination for election by Intuit stockholders, was approved by the vote of at least a majority of the directors then in office shall be deemed a member of the Incumbent Board.

8. Separation Benefits. Upon termination of your employment with Intuit for any reason, you will receive payment for all unpaid salary and vacation accrued

to the date of your termination of employment; and your benefits will be continued under Intuit's then existing benefit plans and policies for so long as provided under the terms of such plans and policies and as required by applicable law. Under certain circumstances and conditioned upon your execution of a release and waiver of claims against the Company, its officers and directors, you will also be entitled to receive severance benefits as set forth below, but you will not be entitled to any other compensation, award or damages with respect to your employment or termination.

(a) In the event of your Voluntary Termination or Termination for Cause, you will not be entitled to any cash severance benefits or additional vesting of stock options.

(b) In the event of your Involuntary Termination or Termination without Cause, you will be entitled to (i) a single lump sum severance payment equal to eighteen (18) months of your current annual base salary (less applicable deductions and withholdings) payable within 30 days after the effective date of your termination; (ii) a payment equal to the target bonus you would have earned pursuant to Section 3 above during the eighteen (18) months following your termination if you had achieved 100% of the target (less applicable deductions and withholdings) payable within 30 days after the effective date of your termination; (iii) immediate acceleration of the vesting and exercisability of the Option by that portion of the shares subject to the Option that would have vested and become exercisable in the eighteen (18) full calendar months following the effective date of such termination; and (iv) a one (1) year period following the effective date of your termination in which to exercise the Option to the extent that the Option had vested as of the effective date of your termination, including the portion of the Option that has accelerated in vesting pursuant to this Section 8(b)(iii).

(c) In the event of your Termination for Death or Total Disability, the vesting and exercisability of the Option shall be immediately accelerated by that portion of the shares subject to the Option that would have vested and become exercisable during the twelve (12) months following the date of such termination; and you or your estate will have until one year after the effective date of your death or disability to exercise the Option to the extent that it was vested as of the effective date of your termination; *provided, however*, that in the event that applicable provisions of the Intuit Inc. 1993 Equity Incentive Plan provide for additional acceleration of vesting or a longer exercisability period, such provisions will govern the treatment of the Option.

(d) If your severance and other benefits provided for in this Section 8 constitute "parachute payments" within the meaning of Section 280G of the Code and, but for this subsection, would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then your severance and other benefits under this Section 8 will be payable, at your election, either in full or in such lesser amount as would result, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, in your receipt on an after-tax basis of the greatest amount of severance and other benefits.

(e) No payments due you hereunder shall be subject to mitigation or offset.

9. Indemnification Agreement. The standard form of indemnification agreement for officers and directors that you entered into when you commenced employment with Intuit to indemnify you against certain liabilities you may incur as an officer or director of Intuit shall remain in effect.

10. Confidential Information and Invention Assignment Agreement. The standard form of Employee Agreement that you entered into when you commenced employment with Intuit to protect Intuit's confidential information and intellectual property shall remain in effect.

11. Nonsolicitation. During the term of your employment with Intuit and for one year thereafter, you will not, on behalf of yourself or any third party, solicit or attempt to induce any employee of Intuit to terminate his or her employment with Intuit.

12. Arbitration. The parties agree that any dispute regarding the interpretation or enforcement of this agreement shall be decided by confidential, final and binding arbitration conducted by Judicial Arbitration and Mediation Services ("JAMS") under the then existing JAMS rules rather than by litigation in court, trial by jury, administrative proceeding or in any other forum.

13. Miscellaneous.

(a) Authority to Enter into Agreement. Intuit represents that its President and Chief Executive Officer has due authority to execute and deliver this agreement on behalf of Intuit.

(b) Absence of Conflicts. You represent that your performance of your duties under this agreement will not breach any other agreement as to which you are a party.

(c) Attorneys Fees. If a legal action or other proceeding is brought for enforcement of this agreement because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred, both before and after judgment, in addition to any other relief to which they may be entitled.

(d) Successors. This agreement is binding on and may be enforced by Intuit and its successors and assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to Intuit or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of Intuit's obligations under this agreement.

(e) Notices. Notices under this agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to Intuit in writing, with a copy to Paul M. Ritter, Esq., Kronish Lieb

Weiner & Hellman LLP 1114 Avenue of the Americas, New York, N.Y. 10036. Notices to Intuit will be addressed to its General Counsel at Intuit's corporate headquarters.

(f) Waiver. No provision of this agreement will be modified or waived except in writing signed by you and an officer of Intuit duly authorized by its Board of Directors. No waiver by either party of any breach of this agreement by the other party will be considered a waiver of any other breach of this agreement.

(g) Entire Agreement. This agreement represents the entire agreement between us concerning the subject matter of your employment by Intuit.

(h) Governing Law. This agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

Please indicate your acceptance of the terms of this agreement by signing in the place indicated below.

Very truly yours,

/s/ Stephen M. Bennett

Stephen M. Bennett
President and Chief Executive Officer Intuit Inc.

Accepted July 31, 2003:

/s/ Lorrie M. Norrington

Lorrie Norrington

**AMENDMENT #1 TO THE ADDENDUM FOR FULFILLMENT PRODUCTS AND
SERVICES FOR FSG AND P-TAP NON-IMPRINTABLE PRODUCTS**

This Amendment #1 to the Fulfillment Addendum (defined below) (this "Amendment #1") is made and entered into as of July 18, 2003 ("Amendment #1 Effective Date") by and between Intuit Inc. ("Intuit") and the John H. Harland Company ("Harland").

RECITALS

- A. Intuit and Harland are parties to a Supply Agreement made and entered into as of January 1, 2000 ("Supply Agreement").
- B. As of September 6, 2001, the parties entered into an Addendum for Fulfillment Products and Services for FSG and P-TAP Non-Imprintable Products ("Fulfillment Addendum").
- C. The parties are now entering into this Amendment #1 to the Fulfillment Addendum to revise and replace pricing for Fulfillment Addendum Products, and modify the products to the Fulfillment Addendum. Any new products added in this Amendment #1 shall be deemed additional "Intuit Products" for all purposes of the Supply Agreement.

NOW THEREFORE, the parties hereby amend the Fulfillment Addendum as follows:

1. Exhibit A (P-TAP Fulfillment Services and Products) and **Exhibit B** (FSG Products and Fulfillment Services) of the Fulfillment Addendum are hereby deleted in their entirety and replaced and superceded with the attached new **Exhibit A** (P-TAP Fulfillment Services and Products) and **Exhibit B** (FSG Products and Fulfillment Services). For purposes of clarification, the replacement of **Exhibit A** and **Exhibit B** hereunder this Amendment #1 shall not be considered a deletion of products or services from the list referred to in Section 1 of the Fulfillment Addendum.

2. This Amendment #1 constitutes the complete and exclusive agreement and understanding between the parties with respect to the subject matter hereof and shall supersede and replace any and all prior agreements, communications and understandings regarding such subject matter. Except as specified in this Amendment #1, the terms of the Fulfillment Addendum and Supply Agreement remain in full force and effect. In the event of any conflict between this Amendment #1 and the Fulfillment Addendum, the terms of this Amendment #1 shall control with respect to the subject matter hereof.

IN WITNESS WHEREOF, Intuit and Harland have executed and entered into this Amendment #1 as of the Amendment #1 Effective Date by their duly authorized representatives.

JOHN H. HARLAND COMPANY

By: /s/ Martin E. Kerner
 Printed Name: Martin E. Kerner
 Title: VP, General Manager
 Date: 7/26/03

INTUIT INC

By: /s/ K Riggins
 Printed Name: K. Maggie Riggins
 Title: Sr. Strategic Sourcing Mgr
 Date: 7/28/03

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

EXHIBIT A
P-TAP Fulfillment Services and Products

Pricing for P-TAP Fulfillment Services and Products

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

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

Product Costs	Price	Measure	Units	Price Per Units	
Blank Check Stock					
Burgundy Blank Check Stock	[*]	per individual item	[*]	[*]	
Grey Blank Check Stock	[*]	per individual item	[*]	[*]	
Green Blank Check Stock	[*]	per individual item	[*]	[*]	
Blue Blank Check Stock	[*]	per individual item	[*]	[*]	
					As of 12/26/03
Folders					(est.)
FLB Folder	[*]	per individual item	[*]	[*]	[*]
FSB Folder	[*]	per individual item	[*]	[*]	[*]
FLG Folder	[*]	per individual item	[*]	[*]	[*]
FSG Folder	[*]	per individual item	[*]	[*]	[*]
FLH Folder	[*]	per individual item	[*]	[*]	[*]
FSH Folder	[*]	per individual item	[*]	[*]	[*]
FLR Folder	[*]	per individual item	[*]	[*]	[*]
FSR Folder	[*]	per individual item	[*]	[*]	[*]
TPR (Marine)	[*]	per individual item	[*]	[*]	
TPH (Hunter)	[*]	per individual item	[*]	[*]	
TFLG Folder	[*]	per individual item	[*]	[*]	
TFLB Folder	[*]	per individual item	[*]	[*]	
FSBL Folder	[*]	per individual item	[*]	[*]	
FSGR Folder	[*]	per individual item	[*]	[*]	

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

Tax Envelopes	Price	Measure	Units	Price Per Units	Est. Implementation date
EF6-100 — Tx Return Envelope 6X9	[*]	per individual item	[*]	[*]	3/14/03
EF6-300 — Tx Return Envelope 6X9	[*]	per individual item	[*]	[*]	3/14/03
EF6-600 — Tx Return Envelope 6X9	[*]	per individual item	[*]	[*]	3/14/03
EF6SS-100 — Tx Return Envelope SS 6X9	[*]	per individual item	[*]	[*]	02/01/04
EF6SS-300 — Tx Return Envelope SS 6X9	[*]	per individual item	[*]	[*]	02/01/04
EF6SS-600 — Tx Return Envelope SS 6X9	[*]	per individual item	[*]	[*]	02/01/04
15901-500 — EasyAcct DW Business Env	[*]	per individual item	[*]	[*]	7/4/03
EF9-100 — Tx Return Envelope	[*]	per individual item	[*]	[*]	3/21/03
EF9-300 — Tx Return Envelope	[*]	per individual item	[*]	[*]	3/21/03
EF9-600 — Tx Return Envelope	[*]	per individual item	[*]	[*]	3/21/03
EF9SS-100 — Tx Return Env SS	[*]	per individual item	[*]	[*]	6/20/03
EF9SS-300 — Tx Return Env SS	[*]	per individual item	[*]	[*]	6/20/03
EF9SS-600 — Tx Return Env SS	[*]	per individual item	[*]	[*]	6/20/03
ESV8-100 — 1040 EV/ES Env	[*]	per individual item	[*]	[*]	4/25/03
ESV8-300 — 1040 EV/ES Env	[*]	per individual item	[*]	[*]	4/25/03
ESV8-600 -1040 EV/ES Env	[*]	per individual item	[*]	[*]	4/25/03
EOL-100 — 9.5X11.5 Landscape	[*]	per individual item	[*]	[*]	03/28/2003
EOL-300 — 9.5X11.5 Landscape	[*]	per individual item	[*]	[*]	03/28/2003
EOL-600 — 9.5X11.5 Landscape	[*]	per individual item	[*]	[*]	03/28/2003
EOLSS-100 — Env. 9.5X11.5 SS Landscape	[*]	per individual item	[*]	[*]	05/09/2003
EOLSS-300 — Env. 9.5X11.5 SS Landscape	[*]	per individual item	[*]	[*]	05/09/2003
EOLSS-600 — Env. 9.5X11.5 SS Landscape	[*]	per individual item	[*]	[*]	05/09/2003
EOXP-100 — Env 10.25X12 Portrait	[*]	per individual item	[*]	[*]	05/23/2003
EOXP-300 — Env 10.25X12 Portrait	[*]	per individual item	[*]	[*]	05/23/2003
EOXP-600 — Env 10.25X12 Portrait	[*]	per individual item	[*]	[*]	05/23/2003
EOPL-100 — Env SW 9.5X11.5	[*]	per individual item	[*]	[*]	05/23/2003
EOPL-300 — Env SW 9.5X11.5	[*]	per individual item	[*]	[*]	05/23/2003
EOPL-600 — Env SW 9.5X11.5	[*]	per individual item	[*]	[*]	05/23/2003
15900-500 — EasyAcct DW Check Env	[*]	per individual item	[*]	[*]	12/22/03
EOP-100 — Env 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	09/19/2003
EOP-300 — Env 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	09/19/2003
EOP-600 — Env 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	09/19/2003
EOPSS-100 — Env SS 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	04/25/2003
EOPSS-300 — Env SS 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	04/25/2003
EOPSS-600 — Env SS 9.5X11.5 Portrait	[*]	per individual item	[*]	[*]	04/25/2003
EOXL-100 — Env 10.25X12 Landscape	[*]	per individual item	[*]	[*]	02/28/2003
EOXL-300 — Env 10.25X12 Landscape	[*]	per individual item	[*]	[*]	02/28/2003
EOXL-600 — Env 10.25X12 Landscape	[*]	per individual item	[*]	[*]	02/28/2003
EXPAN-50* — Expan Env — Landscape	[*]	per individual item	[*]	[*]	5/9/03

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00100	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00200	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00300	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00400	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00500	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-00600	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-01000	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-02000	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-03000	[*]	[*]
EasyACCT DW Envelopes for 1099 (Except 1099M/1099R)	2222-05000	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00100	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00200	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00300	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00400	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00500	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-00600	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-01000	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-02000	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-03000	[*]	[*]
EasyACCT DW W-2 Envelopes (3 per pg)	3333-05000	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00100	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00200	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00300	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00400	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00500	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-00600	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-01000	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-02000	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-03000	[*]	[*]
EasyACCT DW W-2 Envelopes (2 per pg)	6666-05000	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00100	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00200	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00300	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00400	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00500	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-00600	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-01000	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-02000	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-03000	[*]	[*]
EasyACCT DW Envelopes 1099 MISC & 1099R	7777-05000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00100	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00200	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00300	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00400	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00500	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-00600	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-01000	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-02000	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-03000	[*]	[*]
EasyACCT DW W-2 Envelopes (4 per pg)	9999-05000	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00025	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00050	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00075	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00100	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00200	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00300	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00400	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00500	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-00600	[*]	[*]
EasyACCT Cont. 1096 (2 part)	C1096-01000	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00100	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00200	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00300	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00400	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00500	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-00600	[*]	[*]
EasyACCT Cont. 1098 (4 part)	C10984-01000	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00100	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00200	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00300	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00400	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00500	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-00600	[*]	[*]
EasyACCT Cont. 1099 A (4 part)	C1099A4-01000	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00100	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00200	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00300	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00400	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00500	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-00600	[*]	[*]
EasyACCT Cont. 1099 B (4 part)	C1099B-01000	[*]	[*]

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

PTAP Tax forms	Product Id	Quantity	Price per item
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00100	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00200	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00300	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00400	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00500	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-00600	[*]	[*]
EasyACCT Cont. 1099 DIV (4 part)	C1099D4-01000	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00100	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00200	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00300	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00400	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00500	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-00600	[*]	[*]
EasyACCT Cont. 1099 G (4 part)	C1099G-01000	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00100	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00200	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00300	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00400	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00500	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-00600	[*]	[*]
EasyACCT Cont. 1099 INT (4 part)	C1099I4-01000	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00100	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00200	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00300	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00400	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00500	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-00600	[*]	[*]
EasyACCT Cont. 1099 MISC (3 part)	C1099M3-01000	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00100	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00200	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00300	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00400	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00500	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-00600	[*]	[*]
EasyACCT Cont. 1099 MISC (4 part)	C1099M4-01000	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00100	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00200	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00300	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00400	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00500	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-00600	[*]	[*]
EasyACCT Cont. 1099 MISC (5 part)	C1099M5-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Cont. 1099 OID (4 part)	C1099O-00100	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-00200	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-00300	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-00400	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-00500	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-00600	[*]	[*]
EasyACCT Cont. 1099 OID (4 part)	C1099O-01000	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00100	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00200	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00300	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00400	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00500	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-00600	[*]	[*]
EasyACCT Cont. 1099 PATR (4 part)	C1099P-01000	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00100	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00200	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00300	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00400	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00500	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-00600	[*]	[*]
EasyACCT Cont. 1099 S (4 part)	C1099S-01000	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00100	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00200	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00300	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00400	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00500	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-00600	[*]	[*]
EasyACCT Cont. 5498 (3 part)	C54983-01000	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00100	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00200	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00300	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00400	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00500	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-00600	[*]	[*]
EasyACCT Cont. 941 (3 part)	C9413-01000	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00100	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00200	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00300	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00400	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00500	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-00600	[*]	[*]
EasyACCT Cont. 941B (3 part)	C941B3-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00100	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00200	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00300	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00400	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00500	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-00600	[*]	[*]
EasyACCT Cont. W-2 1 Wide (4 part)	CW214-01000	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00100	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00200	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00300	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00400	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00500	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-00600	[*]	[*]
EasyACCT Cont. W-2 1 Wide (6-part)	CW216-01000	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00100	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00200	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00300	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00400	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00500	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-00600	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (A,1,D)	CW2A1D-01000	[*]	[*]
EasyACCT EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00100	[*]	[*]
EasyACCT EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00200	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00300	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00400	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00500	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-00600	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (A,1,1,D)	CW2A11D-01000	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00100	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00200	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00300	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00400	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00500	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-00600	[*]	[*]
EasyACCT Cont. W-2 Twin 3-Part (B,C,2)	CW2BC2-01000	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00100	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00200	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00300	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00400	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00500	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-00600	[*]	[*]
EasyACCT Cont. W-2 Twin 4-Part (B,C,2,2)	CW2BC22-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00100	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00200	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00300	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00400	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00500	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-00600	[*]	[*]
EasyACCT Cont. W-2 Twin Set (6 part)	CW2T6-01000	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00100	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00200	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00300	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00400	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00500	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-00600	[*]	[*]
EasyACCT Cont. W-2 Twin Set (8 part)	CW2T8-01000	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00025	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00050	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00075	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00100	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00150	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00200	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00300	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00400	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00500	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-00600	[*]	[*]
EasyACCT Cont. W-3 Form (2 part)	CW3C2-01000	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00025	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00050	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00075	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00100	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00150	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00200	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00300	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00400	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00500	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-00600	[*]	[*]
EasyACCT Laser 1096 Summary (1 per pg)	L1096-01000	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00100	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00200	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00300	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00400	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00500	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-00600	[*]	[*]
EasyACCT 1098 Copy A (3 per pg)	L1098-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Laser 1098T Copy A	L1098T-00100	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-00200	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-00300	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-00400	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-00500	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-00600	[*]	[*]
EasyACCT Laser 1098T Copy A	L1098T-01000	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00100	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00200	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00300	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00400	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00500	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-00600	[*]	[*]
EasyACCT Laser 1099A Copy A (3 per pg)	L1099A-01000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00100	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00200	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00300	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00400	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00500	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-00600	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-01000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-02000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-03000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (2 per pg)	L1099B2-05000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00100	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00200	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00300	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00400	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00500	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-00600	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-01000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-02000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-03000	[*]	[*]
EasyACCT Laser 1099 Blank Perf. Paper (3 per pg)	L1099B3-05000	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00100	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00200	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00300	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00400	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00500	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-00600	[*]	[*]
EasyACCT 1099 Broker Copy A (3 per pg)	L1099BR-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00100	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00200	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00300	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00400	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00500	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-00600	[*]	[*]
EasyACCT 1099 DIV Copy A (3 per pg)	L1099D-01000	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00100	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00200	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00300	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00400	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00500	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-00600	[*]	[*]
EasyACCT Laser 1099 G Copy A	L1099G-01000	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00100	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00200	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00300	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00400	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00500	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-00600	[*]	[*]
EasyACCT Laser 1099 INT Copy A (3 per pg)	L1099I-01000	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00100	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00200	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00300	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00400	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00500	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-00600	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-01000	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-02000	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-03000	[*]	[*]
EasyACCT Laser 1099 MISC Fed Copy A (2 per pg)	L1099M-05000	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00100	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00200	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00300	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00400	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00500	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-00600	[*]	[*]
EasyACCT Laser 1099 MISC Copy B (2 per pg)	L1099MB-01000	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00100	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00200	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00300	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00400	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00500	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-00600	[*]	[*]
EasyACCT 1099 Laser MISC Copy C (2 per pg)	L1099MC-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00100	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00200	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00300	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00400	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00500	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-00600	[*]	[*]
EasyACCT Laser 1099 OID Copy A (3 per pg)	L1099O-01000	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00100	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00200	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00300	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00400	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00500	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-00600	[*]	[*]
EasyACCT Laser 1099 PATR Copy A (3 per pg)	L1099P-01000	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00100	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00200	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00300	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00400	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00500	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-00600	[*]	[*]
EasyACCT Laser 1099 Q Copy A (3 per pg)	L1099Q-01000	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00100	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00200	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00300	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00400	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00500	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-00600	[*]	[*]
EasyACCT Laser 1099R Copy A (2 per pg)	L1099R-01000	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00100	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00200	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00300	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00400	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00500	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-00600	[*]	[*]
EasyACCT 1099 S Copy A (3 per pg)	L1099S-01000	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00100	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00200	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00300	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00400	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00500	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-00600	[*]	[*]
EasyACCT 5498 Copy A (3 per pg)	L5498-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Laser 941 (1 per pg)	L941-00100	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-00200	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-00300	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-00400	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-00500	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-00600	[*]	[*]
EasyACCT Laser 941 (1 per pg)	L941-01000	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00100	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00200	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00300	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00400	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00500	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-00600	[*]	[*]
EasyACCT Laser 941B (1 per pg)	L941B-01000	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00100	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00200	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00300	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00400	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00500	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-00600	[*]	[*]
EasyACCT Laser CA DE-6 Quarterly	LCADE6-01000	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00100	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00200	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00300	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00400	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00500	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-00600	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-01000	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-02000	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-03000	[*]	[*]
EasyACCT Laser W-2 Fed Copy A (2 per pg)	LW2-05000	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00100	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00200	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00300	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00400	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00500	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-00600	[*]	[*]
EasyACCT Laser W-2 Copy B (2 per pg)	LW2B-01000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00100	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00200	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00300	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00400	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00500	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-00600	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-02000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-03000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (2 per pg)	LW2B2-05000	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00100	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00200	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00300	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00400	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00500	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-00600	[*]	[*]
EasyACCT Laser W-2 Copy B,2,C	LW2B2C-01000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00100	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00200	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00300	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00400	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00500	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-00600	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-01000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-02000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-03000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (3 per pg)	LW2B3-05000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00100	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00200	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00300	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00400	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00500	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-00600	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-01000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-02000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-03000	[*]	[*]
EasyACCT Laser W-2 Blank Perf. Paper (4 per pg)	LW2B4-05000	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00100	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00200	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00300	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00400	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00500	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-00600	[*]	[*]
EasyACCT Laser W-2 Employee B,C,2,2	LW2BC22-01000	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00100	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00200	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00300	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00400	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00500	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-00600	[*]	[*]
EasyACCT Laser W-2 Copy C (2 per pg)	LW2C-01000	[*]	[*]

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

PTAP Tax forms

	Product Id	Quantity	Price per item
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00100	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00200	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00300	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00400	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00500	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-00600	[*]	[*]
EasyACCT Laser W-2 Copy 2 (2 per pg)	LW22-01000	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00100	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00200	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00300	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00400	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00500	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-00600	[*]	[*]
EasyACCT Laser W-2 Copy D (2 per pg)	LW2D-01000	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00100	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00200	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00300	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00400	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00500	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-00600	[*]	[*]
EasyACCT Laser W-2 Copy 1 (2 per pg)	LW21-01000	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00025	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00050	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00075	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00100	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00200	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00300	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00400	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00500	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-00600	[*]	[*]
EasyACCT Laser W-3 Income Transm (1 per pg)	LW3-01000	[*]	[*]

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

EXHIBIT B
FSG Products and Fulfillment Services

Pricing for FSG Products and Fulfillment Services

Fulfillment Services	Price	Measure
Fill Envelope orders and manage inventory	[*]	per line item
Fill storage box order and manage inventory	[*]	per line item
Fill forms, labels and miscellaneous orders and manage inventory	[*]	per line item
Fill piggy back label order and manage inventory	[*]	per order
Fill blank remittance form order and manage inventory	[*]	per order
Fill privacy/ non disclosure forms orders and manage inventory	[*]	per order
Fill requests for sample pack orders and manage inventory	[*]	**per line item (includes \$ [*] postage)
Fill requests for catalogues and manage inventory	[*]	**per line item (includes \$ [*] postage)
Delivery costs	[*]	
Receipt, Scrapping or Restocking of Items	[*]	

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

**Fulfillment prices could change based on the costs of the postage

Product Costs	Price	Measure
Envelopes		
Check Envelopes (Product # 873)	[*]	per thousand
Forms Envelopes (Product # 208)	[*]	per thousand
Self-Seal Check Envelopes (Product # 229)	[*]	per thousand
Self-Seal Forms Envelopes (Product # 331)	[*]	per thousand
Wallet Envelopes (Product # 438)	[*]	per thousand
Wallet Plus Envelopes (Product # 151)	[*]	per thousand
Marketing Materials		
Catalogues and Samples Packs	na	Supplied by Intuit
Certificates	na	Supplied by Intuit
Business Reply Envelopes (BRE's)	[*]	per thousand
Storage Boxes		
Check Storage Box Blue	[*]	per item
Check Storage Box Green	[*]	per item
Check Storage Box Maroon	[*]	per item
Check Storage Box Purple	[*]	per item
Check Storage Box Yellow	[*]	per item
Multi-Purpose Storage Box Blue	[*]	per item
Multi-Purpose Storage Box Green	[*]	per item
Multi-Purpose Storage Box Maroon	[*]	per item
Multi-Purpose Storage Box Purple	[*]	per item
Multi-Purpose Storage Box Yellow	[*]	per item

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

Forms					
Continuous Forms Leaders (10 pack)	[*]				per package
Laser Forms Leaders (10 pack)	[*]				per package
Miscellaneous					
Rolodex Cards (500)	[*]				per package
Deposit Bags (25) (Product # 9439)	[*]				per package
Deposit Bags (100) (Product # 9439)	[*]				per package
Mailing Labels					
Laser Avery 5160 1" x 2 5/8" (30-up)	[*]	[*]	[*]	[*]	[*]
Laser Avery 5161 1" x 4" (20-up)	[*]	[*]	[*]	[*]	[*]
Laser Avery 5162 1 1/3" x 4" (14-up)	[*]	[*]	[*]	[*]	[*]
Laser Avery 5163 2" x 4" (10-up)	[*]	[*]	[*]	[*]	[*]
Laser Avery 5164 3 1/2" x 4"	[*]	[*]	[*]	[*]	[*]
Laser Avery 5267 1/2" x 1 3/4"	[*]	[*]	[*]	[*]	[*]
Laser Avery 5196 2 3/4" x 2 3/4"	[*]	[*]	[*]	[*]	[*]
Laser Avery 5366 1/2" x 3"	[*]	[*]	[*]	[*]	[*]
Laser DT-400 -FedEx shipping Label 8.5" X 5.5" (2-up)	[*]	[*]	[*]	[*]	[*]
	250	500	1000	2000	
Laser Piggy back Label	[*]	[*]	[*]	[*]	
	500	1000	2000	3000	5000
Continuous Avery 4602 3 1/2" x 15/16"	[*]	[*]	[*]	[*]	[*]
Continuous Avery 4143 3 1/2" x 15/16"	[*]	[*]	[*]	[*]	[*]
Continuous Avery 4145 4" x 1 7/16"	[*]	[*]	[*]	[*]	[*]
Continuous Avery 4146 4" x 15/16"	[*]	[*]	[*]	[*]	[*]
Continuous Avery 4013 15/16" X 3 1/2"	[*]	[*]	[*]	[*]	[*]
Other Forms					
Blank Remittance Forms	[*]	[*]	[*]	[*]	
	100	200	500	1000	
Privacy/ Non disclosure forms	[*]	[*]	[*]	[*]	
Large Mailing Envelopes	100	250	500	1000	
White envelope, black imprint	[*]	[*]	[*]	[*]	
Yellow Kraft envelope, black imprint	[*]	[*]	[*]	[*]	
Non-black standard color	[*]				
Black plus one standard color	[*]				
Two non-black standard colors	[*]				

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

TERM SHEET
FOR SHIPPING LABEL PRODUCTS

Intuit Inc. ("Intuit") and the John H. Harland Company ("Harland") are parties to a Supply Agreement entered into as of January 1, 2000 ("Supply Agreement"). This Term Sheet is not intended to be binding on either party but shall serve as the basis of a definitive Addendum to the Supply Agreement to be negotiated and, if agreed upon, executed by the parties; which will cover certain additional products that is consistent with the provisions of this Term Sheet and will contain such other customary terms as the parties may agree.

1. **TERM.** The term of the Addendum will be one year starting from the implementation date and is non-exclusive. In addition to the grounds for termination mentioned in Section 45 of the Supply Agreement, Intuit shall have the right to review and terminate without penalty the Addendum at any time upon sixty (60) day notification and cure period per Section 45, should the product selection, quality, and/or service provided by Harland for the products covered by this Term Sheet not meet the specifications that were mutually agreed to by Harland and Intuit. Such termination of the Addendum would be subject to the same process relating to notification and cure as is contained in the Supply Agreement. In case of termination, any unsold inventory and work in process covered by the Addendum, will be the responsibility of Harland. If termination of the Addendum occurs, this will not automatically cause termination of the Supply Agreement.
2. **SCOPE.**
 - (a) Addendum Products. The products to be provided under this Term Sheet and the Addendum are the custom shipping label products listed in Exhibit A ("Addendum Products").
 - (b) Warehousing and Fulfillment. Harland or its third party provider will be responsible for the warehousing and the fulfillment of the custom shipping labels.
 - (c) Systems. Harland will fund the development of connections to Intuit's order entry and billing systems and any changes needed to meet new businesses and services. Harland's system support is limited to Harland's controlled hardware and/or software, and the level of support will be prorated above the levels specified in the Supply Agreement based on the additional volumes resulting from additional products.
3. **TARGET DATES FOR PRODUCT IMPLEMENTATION.**
 - (a) The Addendum Products will be implemented and orderable at Harland by June 3rd, 2003.
 - (b) An implementation plan will be jointly developed with Intuit and Harland.
 - (c) Intuit reserves the right to adjust the target completion dates for these Addendum Products.
4. **PERFORMANCE METRICS.** Harland will measure and report their performance against the performance scorecard set forth in the Addendum.

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

5. **ORDER PROCESS.** Intuit shall forward Orders to Harland in accordance with the current Order transmission process. Orders shall be processed in accordance with the Supply Agreement. Harland shall provide ship confirmation to Intuit. Harland shall establish an order transmission connection to its third-party supplier prior to June 3, 2003.
6. **TURN AROUND TIME.** Harland shall process and ship all Addendum Products within 24 hours after receipt of the Order.
7. **QUALITY.** Harland warrants and guarantees to FSG the quality of all Addendum Products in line with Intuit's expectations and as specified in the product specifications and other requirements document in Exhibit B.
8. **PRICING AND COSTS.** Pricing/costs under this Term Sheet and the Addendum shall be in accordance with the Exhibit A attached to this Term Sheet, and in accordance with the existing Supply Agreement. These mutually agreed upon prices should be competitive in the market, and will remain in effect for the term of the Addendum subject to the following provisions of the Supply Agreement: Section 38 (Future Cost Savings), and Section 40 (Allowable Price Adjustments).
9. **OWNERSHIP OF LABEL DESIGN.** Harland and Intuit agree that the PSLK and PSLL labels ("Specially Designed Labels") have been designed exclusively for Intuit by Harland's third-party supplier, and Intuit owns such Specially Designed Labels, including any and all intellectual property rights. During the term of the Addendum and following any termination of the Addendum, Harland shall not use Specially Designed Labels for any purpose other than the fulfillment of the Intuit Orders. Following any termination of the Addendum, Intuit may continue to use the design or layout of any Addendum Products.
10. **PRIVACY AND SECURITY STANDARDS.** Harland and Intuit agree that Harland's performance under the Addendum and the Supply Agreement will be subject to Harland's compliance with Intuit's then-current privacy and security standards, and package handling requirements.
11. **OTHER PROVISIONS.** If not listed above, other provisions in the Addendum will closely follow those under the Supply Agreement, including but not limited to the following sections of the Supply Agreement: 18(c) (Turnaround Time); 20(b) (Error Correction); 21 (Rush Shipments); 22 (Service Failures); 40 (Allowable Price Adjustments); 41 (Shipping Charges); and 45 (Termination). Harland and Intuit agree that the following sections of the Supply Agreement are incorporated into this Term Sheet: 5 (Confidentiality of Terms of Agreement and Purchase Information); 6 (Confidentiality of Supply); 7 (Ownership and Confidentiality of Intuit Customer Information); 8 (Ownership and Confidentiality of Bank File and Intuit Systems and Processes); 11 (Direct Orders and Inquiries); 42 (Payment Terms)—exception listed below; 46 (No Consequential Damages); 49 (Assignment); 50 (Governing Law) ; and 55 (Entire Agreement). The exception to Section 42 (Payment Terms) is the two percent (2%) discount for early payment within ten (10) business days of Intuit's receipt of Harland's invoices for the Addendum products. The Addendum products will not receive this discount, and will be billed on a separate invoice from the other FSG products.
12. **NEGOTIATION OF CONTRACT OR ADDENDUM.** The parties intend to negotiate and sign the Addendum in accordance with the provisions of this Term Sheet by June 15, 2003.

JOHN H. HARLAND COMPANY

By: /s/ Martin E. Kerner

Printed Name: Martin E. Kerner

Title: VP, General Manager

Date: 06/09/03

INTUIT

By: /s/ Jeffrey Goodman

Printed Name: Jeffrey Goodman

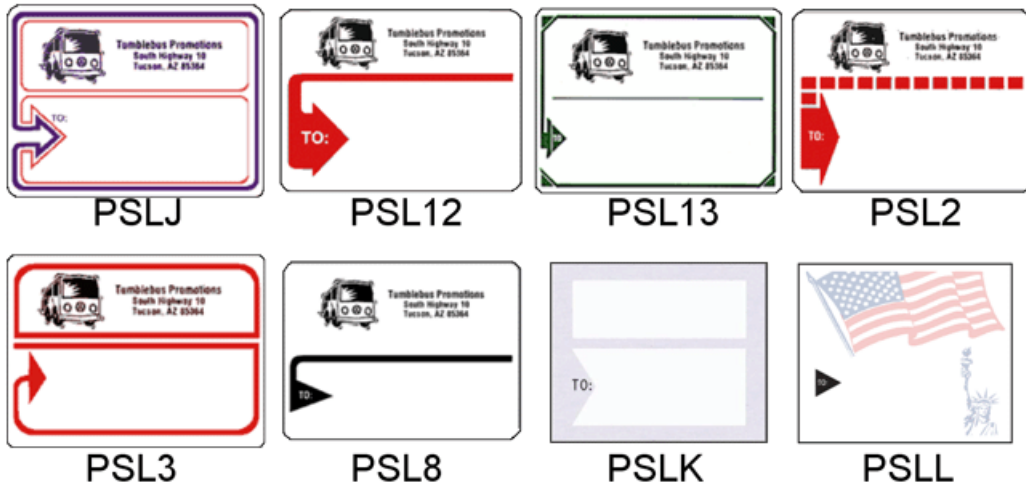
Title: General Manager

Date: 6/13/03

Exhibit A
Product Price list

Shipping Labels		100	200	300	400	500
Personalized — standard design	6-up (Avery 5164)	[*]	[*]	[*]	[*]	[*]
Blank	6-up (Avery 5164)	[*]	[*]	[*]	[*]	[*]
Upcharges		Intuit cost		Suggested retail		
Custom logo upload		[*]	[*]	[*]	[*]	[*]
Art Touch up		[*]	[*]	[*]	[*]	[*]
Bend and Peel cutting charge		[*]	[*]	[*]	[*]	[*]
Cancellation/Changes to an order (once order is processed)		[*]	[*]	[*]	[*]	[*]
Black and White Proof		[*]	[*]	[*]	[*]	[*]
Color Proof		[*]	[*]	[*]	[*]	[*]

Designs:



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

Exhibit B

Product specifications & other requirements

Shipping Labels – styles supported

- The following six standard designs of Discount Labels shipping labels should be supported for 6-up laser sheets: ML2, ML3, ML8, ML12, ML13, JML. For the initial launch, manual shipping label rolls will not be supported due to differences in their imprintable area.
- All styles of labels will have the same imprintable area of 3 1/8" in length by 7/8" in height. This imprint box should begin 3/8" from the top of the label and 7/16" from the left of the label.

Shipping Labels – Customization Options

- Three layout types will be offered on this product line – Left Logo, Right Logo, and No Logo. Label stock designs have been selected so that across these three templates, there will be a single, standard imprintable area. The logo must fit into a box that is 7/8" x 7/8", and a 1/8" margin should be placed between the logo bounding box and the text bounding box. Therefore, for the two layout types with logos, the area available for text will be 2 1/8" in length. For the template with no logo option, the imprintable area will be 3 1/8" x 7/8".
- Up to four (4) lines of imprint text will be supported for custom-printed shipping labels in the "From" box of the label.
- The following Intuit standard fonts will be supported. As with business cards & stationery, customers will be able to select and use any of these fonts at no additional charge. The fonts include: Auriol, Calvert, Helvetica, Hobo, Kauffman, Korinna, Improv, Cascade Script, Nueva, Palatino, Sabon, Garamond. The default font shall be Helvetica, as in our business cards & stationery line.
- The customer will have the ability to specify that one or more lines of text be printed in bold type.
- The default point size will be 12 point bold for the first line of imprint, and 10 point bold for the second, third, and fourth lines of imprint. The customer will be able to reduce the point size to 11 point or 10 point (if top line) or 9 point or 8 point (if any line), but they will not be able to enlarge the point size.
- Customers should have the ability to enter 27 characters per line of imprint.
- The following nine standard ink colors will be supported. These nine ink colors do not exactly match FSG's current ink colors, but it is necessary to allow for some variation in this area given that vendors offer different standard color offerings. Other than the nine colors below, no other colors will be offered at this time.

Black
Red — PMS 185
Blue — Reflex blue
Green — PMS 349
Brown — PMS 477
Light Blue — Process blue
Maroon — PMS 208
Violet — PMS Violet
Teal — PMS 321

- The imprint text block should be centered vertically in the imprint area. This is particularly important if the customer only enters a 1, 2, or 3 line imprint, rather than a 4 line imprint.

Logos

- Customers should have the ability to use their custom logo – either newly uploaded, or existing from a previous order – on their custom printed shipping labels with design formats that support custom logos.
- Customers should have the ability to use any standard or monogram logo on their custom printed shipping labels.
- Logos must be printed in the same standard ink color in which the imprint text is printed.
- Logos uploaded for use on custom printed shipping labels must also be made available for use on other Intuit products – both on IntuitMarket/Logo Locker and in Cosmos.
- Custom logos and standard logos will be able to be applied to custom printed shipping labels at no additional cost to the customer or to Intuit.

Shipment & packaging requirements

- Labels shipped directly from a label vendor, Harland's shipper numbers will be used.
- Intuit customers will be given the option of ground shipping, second day shipping, and next day shipping for any label product ordered.
- Harland will make available to Intuit updated, electronic information about the ship status of boxes (fulfilled from either Harland or the label vendor) on at least an hourly basis.
- For any labels shipped directly from the label vendor, the boxes will be labeled with a return address of Intuit (Harland's Milton return address), and any materials (packing slip, etc.) contained within the box will be branded as Intuit and will be subject to Intuit's approval.
- For any labels shipped directly from the label vendor, the vendor will not insert any materials into the box without Intuit's written express consent.
- The label vendor will insert an Intuit Supplies Catalog, and any other materials specified by Intuit, into outgoing labels orders. The label vendor will be responsible for managing an inventory of these written materials, as supplied by Intuit, which will remain the property of Intuit until they are fulfilled in outgoing orders.

ADDENDUM FOR CORE TAX FORMS

This fourth addendum (the "Fourth Addendum") is made and entered into as of June 2, 2003 ("Fourth Addendum Effective Date") by and between Intuit Inc. ("Intuit") and the John H. Harland Company ("Harland").

RECITALS

- A. Intuit and Harland are parties to a Supply Agreement made and entered into as of January 1, 2000 ("Supply Agreement").
- B. As of July 1, 2000, the parties entered into an Addendum for Semi-Custom Products and Custom Logos.
- C. As of September 6, 2001, the parties entered into an "Addendum for Fulfillment Products and Services for FSG and P-TAP Non-Imprintable Products" ("Fulfillment Addendum").
- D. As of November 11, 2001, the parties entered into the "Addendum for USBP and Omware Imprintable Products."
- E. The parties are now entering into this Fourth Addendum to the Supply Agreement for the addition of Core Tax Form products to the Supply Agreement.

NOW THEREFORE, the parties hereby amend the Supply Agreement as follows:

- 1. INTUIT PRODUCT.** The products and services listed in Exhibit A (Core Tax Form Products), (collectively, the "Fourth Addendum Product") are deemed additional "Intuit Product" for all purposes of the Supply Agreement. Intuit must approve of (in writing) any vendor acting as Harland's agent supplying Fourth Addendum Product. The definition of the "Fourth Addendum Product" is custom created tax forms kits that contain the products listed in Exhibit A. The specifications of the products are listed in Exhibit A1.
- 2. NON-EXCLUSIVE PRODUCT.** Notwithstanding the definition of "Exclusive Intuit Product" in Appendix 1 of the Supply Agreement, the Fourth Addendum Product are not to be treated as "Exclusive Intuit Product".
- 3. NO RIGHT OF FIRST NEGOTIATION.** Harland will have no rights under Section 4(c) (Other Products) of the Supply Agreement with respect to any Fourth Addendum Product.
- 4. TERM.** The term of the Fourth Addendum will be from the Fourth Addendum Effective Date until June 1, 2005. Any termination of the Supply Agreement shall terminate this Fourth Addendum. In addition to the grounds for termination mentioned in Section 45 (Termination) of the Supply Agreement, Intuit shall have the right to review and terminate without penalty the provisions of this Fourth

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

Addendum at any time following a sixty (60) day notification and cure period should the product selection, quality, and/or service provided by Harland for the Fourth Addendum Product not meet the specifications that were mutually agreed to by Harland and Intuit. Termination of the provisions of this Fourth Addendum would not terminate the other provisions of the Supply Agreement or Addendum thereto. Applicable provisions of Section 45 (Termination) of the Supply Agreement shall apply to any termination of this Fourth Addendum.

5. LAUNCH DATE. Harland shall be ready to receive, fulfill and ship Orders on or before June 1, 2003 in accordance with Exhibit B (Implementation Plan) attached hereto.

6. INVENTORY PURCHASE. If any circumstance occurs that prevents Harland or any third party supplier from effectively filling and shipping customer Orders in accordance with Intuit's specified quality requirements and turnaround times, including but not limited to termination of this Fourth Addendum or the Supply Agreement, financial issues, or any disasters, Intuit shall have the right to immediately purchase all Fourth Addendum Product in the possession or control of Harland or third party suppliers, or immediately take possession of Intuit-owned products in the possession or control of Harland or third-party suppliers. Subject to this Section, in the event that this Fourth Addendum is terminated by Intuit pursuant to Section 16 (Pricing and Costs) of this Fourth Addendum prior to June 1, 2005, Intuit shall reimburse Harland its cost basis for any unused inventory of such Intuit Custom Products. Within five (5) days following termination of this Fourth Addendum by Intuit pursuant to Section 16 (Pricing and Costs), Harland shall provide Intuit with a report containing the details regarding the type and quantity of unused inventory of Intuit Custom Product ("Intuit Custom Product Report"). Within fifteen (15) days following Intuit's receipt of the Intuit Custom Product Report, Intuit shall request, at its sole option, that Harland either (1) return all unused Intuit Custom Product inventory to an address specified by Intuit at Intuit's expense; or (2) destroy all unused Intuit Custom Product inventory in Harland's or its third party supplier's possession at Intuit's expense and provide Intuit with certification of such destruction ("Intuit's Instructions"). Following Harland's receipt of Intuit's Instructions, Harland shall provide an invoice to Intuit for its cost basis of the unused inventory of such Intuit Custom Products, and Intuit shall pay such invoice within thirty (30) days following Intuit's receipt of such. "Intuit Custom Products" shall mean the thank you letter or packaging containing the Intuit Logo, created specifically by Harland or its third-party vendor for Intuit. Harland shall obtain Intuit's written approval prior to creating or ordering any Intuit Custom Products.

7. SYSTEMS. Harland will fund the development, enhancements and ongoing support of connections to Intuit's order entry and billing systems, and any changes needed to meet new businesses and services in connection with this Fourth Addendum that are mutually agreed upon. Harland is responsible for the funding and implementation of development, enhancement, and ongoing support of Harland's systems, and for the systems of any supplier responsible for providing Fourth Addendum Product. The level of support will be prorated above the levels specified in the Supply Agreement based on the additional volumes resulting from additional products.

8. PERFORMANCE SCORECARD. Harland will measure and report its performance against the performance scorecard set forth in Exhibit C, and will use their best efforts to meet, exceed and improve performance. Following the end of each calendar quarter, designated team members from both parties will meet and review performance during the past quarter. In connection with these quarterly meetings, the parties will gather the data and rate Harland's performance in accordance with the performance scorecard set forth in Exhibit C. Harland and Intuit will mutually agree upon any changes to the performance scorecard.

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

9. ORDER PROCESS. Intuit shall forward Orders to Harland in accordance with the current Order transmission process. Orders shall be processed in accordance with the Supply Agreement. Harland shall provide ship confirmation to Intuit. Harland shall establish an order transmission connection to its third-party supplier prior to May 1, 2003.

10. ORDER QUANTITY AND ADDITIONAL CHARGES. To ensure proper order quantity of sheets in all Orders, Harland shall include one extra tax form per each item per Order for all 10-quantity kits (as specified on Exhibit A). At least 99% of all Orders shall be shipped with the correct number of sheets specified in the Order. If more than 1% of the total number of packages shipped within any calendar week contains less than the ordered number of sheets, the incorrect number of items, or the incorrect items, Harland shall automatically deduct [*] of the total invoice amount from Intuit's invoice for the week.

11. TURN AROUND TIME AND ADDITIONAL CHARGES. In lieu of the requirements of Section 18(a) of the Supply Agreement, if Harland receives a Fourth Addendum Product Order prior to 12 noon Pacific Time, Harland shall process and ship such Order on the same day of receipt of the Order by Harland. Otherwise, Harland shall process and ship all other Orders within 24 hours following receipt of the Order by Harland. If the total number of Orders not shipped on time pursuant to this Section 11 during any calendar week is (a) between [*] of the total Orders received by Harland for such calendar week, Harland shall automatically deduct [*] of the total invoice amount from Intuit's invoice for such week; or (b) more than [*] of the total Orders received by Harland for such calendar week, then Harland shall automatically deduct [*] of the total invoice amount from Intuit's invoice for such week. In addition, Section 22, Service Failures, of the Supply Agreement applies. For avoidance of doubt, the terms of this Section 11 are in addition to the terms of Sections 18(b), 18(c), and 19 through and including 23 of the Supply Agreement.

12. SHIPPING METHODS.

- (a) Harland will be responsible for shipping each completed Order to the Customer's specified address. Unless otherwise indicated on the Order or otherwise specified by Intuit, shipping shall be via ground, or comparable service where ground is not available. Harland will ensure that all suppliers that provide Fourth Addendum Product can support shipping methods, including Ground, Next Day and Second Day at competitive costs. When the rates are not competitive at a third-party supplier, and it is commercially reasonable, Harland will allow the third-party supplier of Fourth Addendum Product to utilize Harland's freight rates.
- (b) Harland will be responsible for the proactive management of carriers to negotiate and manage competitive freight costs, file and credit to Intuit refunds for lost or damaged shipments, and track and ensure the compliance of on-time and quality performance. Harland will report these performance measures monthly in the Performance Scorecard, Exhibit C, and work with their carriers to meet, exceed and improve performance.
- (c) Harland will be responsible for the management of all carriers for Fourth Addendum Product to ensure that the carrier meets 97% on time performance. Harland will credit Intuit for reimbursements made by the carrier to Harland for service failures, including failures to meet on-

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

time shipping guarantees lost, damaged or misrouted shipments. Harland will use its best efforts in working with Intuit to recover these credits in a mutually agreeable and commercially reasonable manner and provide Intuit with a monthly accounting of such credits. Harland will pay to Intuit any credits pursuant to this Section 12 within 10 business days of receipt of such credits by Harland from carrier.

13. QUALITY. Harland warrants and guarantees to FSG the quality of all Fourth Addendum Product and packaging in line with Intuit's product or packaging specifications. Harland is responsible for replacing any defective product(s) at Harland's costs, including any and all services and shipping costs; provided that Harland shall not be responsible for damage to products where Harland proves that the damage to products was solely and directly caused by insufficient Intuit-supplied packaging. If Harland reasonably suspects that any Intuit-supplied packaging is the direct and sole cause of damage to Fourth Addendum Product during shipment, Harland shall promptly notify Intuit, and the parties shall use reasonable efforts to investigate such, and discuss possible changes to such Intuit-supplied packaging. Any modifications to Intuit's product or packaging specifications can only be made by Intuit, in Intuit's sole discretion.

14. ERROR CORRECTION. For the Fourth Addendum Product, the terms and conditions of this Section 14 are in lieu of Section 20(a) of the Supply Agreement. Any Orders that have errors that are not the Customer's or Intuit's fault ("Harland Errors") shall be corrected, reprinted and reshipped by Harland within twenty-four (24) hours after Harland receives notice of the error and the correct information by phone, electronic mail, electronic transmission, first class, certified or registered U.S. mail, or facsimile notice, and the corrected Order shall be shipped via overnight delivery, via commercial overnight carrier. Such Harland Errors may include, but not be limited to inaccurate Order fulfillment, or delivery carrier's loss or destruction of the package. Harland shall bear all printing and shipping costs of correcting, reprinting, and reshipping such corrected Order. Notwithstanding the foregoing, Intuit shall bear all the costs of replacement, including delivery costs, where Harland proves that damage to products was solely and directly caused by insufficient Intuit-supplied packaging. In addition, Intuit shall bear costs for correcting and reprinting Orders in the event that Intuit transmits incorrect information to Harland.

15. PERSONNEL. Harland will identify qualified primary contacts at Harland who will be available to work directly with Intuit as needed. In addition, Harland will identify at least one qualified and dedicated contact at any third-party supplier of Fourth Addendum Product who Intuit will contact in coordination with Harland, with prior notification if practical, on an as needed basis.

16. PRICING AND COSTS. For each Fourth Addendum Product and service provided pursuant to this Fourth Addendum, Harland will charge Intuit the pricing in accordance with Exhibit A (Core Tax Form Pricing – Tax Year 2003). These mutually agreed upon prices should be competitive in the market, and in compliance with applicable laws, and will remain in effect for the Term of this Fourth Addendum, subject to this Section 16 and Section 38 (Future Cost Savings) of the Supply Agreement. In lieu of Section 40(a) (Changes in Paper Costs) of the Supply Agreement, if after the 2003 tax season, Harland experiences an increase of more than [*] in its direct material costs for paper (based on a publicly available paper price index agreed to by the parties), Intuit and Harland shall renegotiate the pricing. Notwithstanding the foregoing, upon Intuit's request, Harland and Intuit shall renegotiate pricing for the 2004 Tax year (approximately Jan 2004), to accommodate volume changes or other factors that may reduce costs or pricing. If, during any renegotiation pursuant to this Section 16, the parties do not reach agreement within

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

30 days following the day that the first price proposal was delivered by Harland to Intuit, Intuit may terminate this Fourth Addendum without further cost (subject to Section 6 (Inventory Purchase) of this Fourth Addendum), upon 30 days written notice to Harland. Notwithstanding Section 42 (Payment Terms) of the Supply Agreement, Intuit will not be eligible for a two percent (2%) discount for early payment.

17. REPORTING. On a weekly basis, Harland will provide weekly on-time delivery and Order quality reports. Harland will provide an agreed upon inventory report on an as needed basis.

18. PRIVACY AND SECURITY STANDARDS. Harland's performance under this Fourth Addendum will be subject to Intuit's then-current privacy and security standards, and Intuit's suspicious mail handling procedures, the current versions of which are contained in Exhibit D (Comprehensive Security Requirements for Confidential Customer Data and Corporate Information), Exhibit E (Intuit Service Provider Privacy Attachment), and Exhibit F, (Intuit Suspicious Mail Handling Procedures), as well as any specific recommendations that Intuit provides to Harland.

19. CUSTOMER DATA. The terms and conditions contained in this Section 19 (Customer Data) of the Fourth Addendum are in addition to the all the terms and conditions contained in the Supply Agreement. Harland will ensure that its third-party supplier will destroy Order data or Customer data within 90 days of termination or expiration of this Fourth Addendum. Harland shall require that its third-party supplier agrees in writing to use, and uses Customer data, Order data or other information solely for the purpose of performing its obligations under this Fourth Addendum and except for such limited purpose such Customer data, Order data or other information shall not be used for Harland's third-party's supplier's benefit or be disclosed to any other party whatsoever. Harland shall ensure that its third-party supplier only disclose Customer data, Order data or other information to Harland's third-party supplier's employees and other representatives that have a direct "need to know" in furtherance of the execution of this Fourth Addendum. Harland shall ensure that its third-party supplier notify all of its authorized employees or representatives of the confidential nature and restrictions on disclosures and use of such Customer data, Order data or other information, and shall be responsible for ensuring that all such authorized employees or representatives comply with this Fourth Addendum.

20. BUSINESS CONTINUITY.

(a) Harland shall: (i) be responsible for business continuity of operations as to the products and services to be provided under this Fourth Addendum; (ii) within ninety (90) days after the Fourth Addendum Effective Date, submit to Intuit for approval a mutually agreed upon and reasonable business continuity plan ("Business Continuity Plan") that mitigates and minimizes Intuit service interruptions; and (iii) update the Business Continuity Plan, subject to Intuit's approval, to reflect changes in technology and industry standards on an annual basis.

(b) Harland shall immediately provide Intuit with written notice of any service failure relating to this Fourth Addendum due to any of the events specified in the second paragraph of Section 22 (Service Failures) of the Supply Agreement or any other event beyond Harland's reasonable control (each a "Force Majeure") and shall use its best efforts to immediately implement the Business Continuity Plan with regard to such failure.

(c) In the event of a Force Majeure, Harland or any third-party supplier shall not charge Intuit any fees in excess of the fees set forth in this Fourth Addendum.

(d) Whenever a Force Majeure requires that Harland allocate limited resources between or among

Exhibit A

PRICING CORE TAX FORMS 2003

<u>PRODUCT_ID</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>COGS</u>
122-00010**	Laser 1099 Tax Forms 3-Part	[*]	[*]
122-00025	Laser 1099 Tax Forms 3-Part	[*]	[*]
122-00050	Laser 1099 Tax Forms 3-Part	[*]	[*]
122-00100	Laser 1099 Tax Forms 3-Part	[*]	[*]
134-00010**	Laser W-3 Tax Form 1-Part	[*]	[*]
178-00010**	Laser 1096 Tax Forms 1-Part	[*]	[*]
202-00010**	Laser W-2 Tax Forms 4-Part	[*]	[*]
202-00025	Laser W-2 Tax Forms 4-Part	[*]	[*]
202-00050	Laser W-2 Tax Forms 4-Part	[*]	[*]
202-00100	Laser W-2 Tax Forms 4-Part	[*]	[*]
202-00200	Laser W-2 Tax Forms 4-Part	[*]	[*]
275-00010**	Laser W-2 Blank Perforated Paper & Envelopes	[*]	[*]
275-00025	Laser W-2 Blank Perforated Paper & Envelopes	[*]	[*]
275-00050	Laser W-2 Blank Perforated Paper & Envelopes	[*]	[*]
275-00100	Laser W-2 Blank Perforated Paper & Envelopes	[*]	[*]
275-00200	Laser W-2 Blank Perforated Paper & Envelopes	[*]	[*]
293-00010**	Continuous 1099 Tax Forms 5-Part	[*]	[*]
293-00025	Continuous 1099 Tax Forms 5-Part	[*]	[*]
293-00050	Continuous 1099 Tax Forms 5-Part	[*]	[*]
293-00100	Continuous 1099 Tax Forms 5-Part	[*]	[*]
418-00010**	Continuous 1099 Tax Forms 3-Part	[*]	[*]
418-00025	Continuous 1099 Tax Forms 3-Part	[*]	[*]
418-00050	Continuous 1099 Tax Forms 3-Part	[*]	[*]

418-00100	Continuous 1099 Tax Forms 3-Part	[*]	[*]
426-00010**	Laser W-2 Tax Forms 8-Part	[*]	[*]
426-00025	Laser W-2 Tax Forms 8-Part	[*]	[*]
426-00050	Laser W-2 Tax Forms 8-Part	[*]	[*]
426-00100	Laser W-2 Tax Forms 8-Part	[*]	[*]
426-00200	Laser W-2 Tax Forms 8-Part	[*]	[*]
537-00010**	Laser 1099 Tax Forms 5-Part	[*]	[*]
537-00025	Laser 1099 Tax Forms 5-Part	[*]	[*]
537-00050	Laser 1099 Tax Forms 5-Part	[*]	[*]
537-00100	Laser 1099 Tax Forms 5-Part	[*]	[*]
540-00010**	Continuous W-2 Tax Forms 8-Part Twin Set	[*]	[*]

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

		[*	[*
540-00025	Continuous W-2 Tax Forms 8-Part Twin Set]]	
		[*	[*
540-00050	Continuous W-2 Tax Forms 8-Part Twin Set]]	
		[*	[*
540-00100	Continuous W-2 Tax Forms 8-Part Twin Set]]	
		[*	[*
540-00200	Continuous W-2 Tax Forms 8-Part Twin Set]]	
		[*	[*
713-00010**	Continuous W-2 Tax Forms 6-Part Twin Set]]	
		[*	[*
713-00025	Continuous W-2 Tax Forms 6-Part Twin Set]]	
		[*	[*
713-00050	Continuous W-2 Tax Forms 6-Part Twin Set]]	
		[*	[*
713-00100	Continuous W-2 Tax Forms 6-Part Twin Set]]	
		[*	[*
713-00200	Continuous W-2 Tax Forms 6-Part Twin Set]]	
		[*	[*
844-00010**	Laser W-2 Tax Forms 6-Part]]	
		[*	[*
844-00025	Laser W-2 Tax Forms 6-Part]]	
		[*	[*
844-00050	Laser W-2 Tax Forms 6-Part]]	
		[*	[*
844-00100	Laser W-2 Tax Forms 6-Part]]	
		[*	[*
844-00200	Laser W-2 Tax Forms 6-Part]]	
		[*	[*
849-00010**	Laser 1099 Tax Forms 4-Part]]	
		[*	[*
849-00025	Laser 1099 Tax Forms 4-Part]]	
		[*	[*
849-00050	Laser 1099 Tax Forms 4-Part]]	
		[*	[*
849-00100	Laser 1099 Tax Forms 4-Part]]	
		[*	[*
941-00010**	Continuous W-2 Tax Forms 4-Part]]	
		[*	[*
941-00025	Continuous W-2 Tax Forms 4-Part]]	
		[*	[*
941-00050	Continuous W-2 Tax Forms 4-Part]]	
		[*	[*
941-00100	Continuous W-2 Tax Forms 4-Part]]	
		[*	[*
941-00200	Continuous W-2 Tax Forms 4-Part]]	
		[*	[*
982-00010**	Continuous 1099 Tax Forms 4-Part]]	
		[*	[*
982-00025	Continuous 1099 Tax Forms 4-Part]]	

982-00050	Continuous 1099 Tax Forms 4-Part	[[
		*	*
]]
		[[
982-00100	Continuous 1099 Tax Forms 4-Part	*	*
]]

** = 10 quantity kit

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

**Exhibit B
Implementation Plan**

ID	Name	Duration	Start	Finish	Predecessors	Outline Level	Notes
1	Term Sheet	15.d	03/31/20038:00	04/18/200317:00		1	
2	Create & Confirm Project Plan	10.d	04/07/20038:00	04/18/200317:00		1	
3	Provide Product Samples	20.d	04/07/20038:00	05/02/200317:00		1	
4	Provide Product Images	20.d	04/07/20038:00	05/02/200317:00		1	
5	Define Offering Attributes	20.d	03/31/20038:00	04/25/200317:00		1	
6	Product List	10.d	04/14/20038:00	04/25/200317:00		2	
7	Pricing	20.d	03/31/20038:00	04/25/200317:00		2	
8	Packaging	20.d	03/31/20038:00	04/25/200317:00		2	
9	Inserts	20.d	03/31/20038:00	04/25/200317:00		3	
10	Boxing & Packaging	20.d	03/31/20038:00	04/25/200317:00		3	
11	Packing Slip	20.d	03/31/20038:00	04/25/200317:00		3	
12	ML Return Address	5.d	04/14/20038:00	04/18/200317:00		3	
13	Shipping Carriers	1.d	04/04/20038:00	04/04/200317:00		2	
14	Setup Offering Attributes	25.d	04/28/20038:00	05/30/200317:00	5	1	
15	Products	5.d	04/28/20038:00	05/02/200317:00		2	
16	Harland	5.d	04/28/20038:00	05/02/200317:00		3	
17	Nelco	5.d	04/28/20038:00	05/02/200317:00		3	
18	Pricing	5.d	05/05/20038:00	05/09/200317:00		2	
19	Harland	5.d	05/05/20038:00	05/09/200317:00		3	
20	Nelco	5.d	05/05/20038:00	05/09/200317:00		3	
21	Packaging	5.d	04/28/20038:00	05/02/200317:00		2	
22	ML Return Address	5.d	04/28/20038:00	05/02/200317:00		3	
23	Shipping Carriers	5.d	04/28/20038:00	05/02/200317:00		3	
24	Implement in Production	1.d	05/30/20038:00	05/30/200317:00		2	
25	Define Processes	10.d	04/21/20038:00	05/02/200317:00		1	
26	Returns	10.d	04/21/20038:00	05/02/200317:00		2	
27	Order Monitoring at HBS	10.d	04/21/20038:00	05/02/200317:00		2	
28	Daily	10.d	04/21/20038:00	05/02/200317:00		3	
29	Scorecard	10.d	04/21/20038:00	05/02/200317:00		3	
30	Error Handling	10.d	04/21/20038:00	05/02/200317:00		2	
31	Rushes	5.d	04/21/20038:00	04/25/200317:00		2	
32	Invoicing	10.d	04/21/20038:00	05/02/200317:00		2	
33	Harland to Intuit	1.d	04/21/20038:00	04/21/200317:00		3	
34	Nelco to Harland	10.d	04/21/20038:00	05/02/200317:00		3	
35	Implement Processes	15.d	05/12/20038:00	05/30/200317:00	25	1	
36	Returns	10.d	05/12/20038:00	05/23/200317:00		2	
37	Order Monitoring at HBS	5.d	05/19/20038:00	05/23/200317:00		2	
38	Daily	5.d	05/19/20038:00	05/23/200317:00		3	
39	Scorecard	1.d	05/19/20038:00	05/19/200317:00		3	
40	Error Handling	5.d	05/19/20038:00	05/23/200317:00		2	
41	Invoicing	5.d	05/26/20038:00	05/30/200317:00		2	
42	Harland to Intuit	5.d	05/26/20038:00	05/30/200317:00		3	
43	Nelco to Harland	5.d	05/26/20038:00	05/30/200317:00		3	

ID	Name	Duration	Start	Finish	Predecessors	Outline Level	Notes
44	Training	10.d	05/19/20038:00	05/30/200317:00		1	
45	Communication	5.d	05/26/20038:00	05/30/200317:00		1	
46	IT Development	35.d	03/31/20038:00	05/16/200317:00		1	
	Nelco — HBS Interface,						
47	Exchange and Security	35.d	03/31/20038:00	05/16/200317:00		2	
48	Design	15.d	03/31/20038:00	04/18/200317:00		3	
49	Develop & Unit Test	20.d	04/21/20038:00	05/16/200317:00	48	3	
50	Integration Testing	5.d	05/12/20038:00	05/16/200317:00		3	
51	Sign off	.d	05/16/20038:00	05/16/20038:00		3	
52	End to End Testing	5.d	05/16/20038:00	05/22/200317:00	51	1	
53	UAT Testing	5.d	05/26/20038:00	05/30/200317:00		1	
54	Go Live	.d	05/30/20038:00	05/30/20038:00		1	
55	After Action Review	1.d	06/06/20038:00	06/06/200317:00		1	

**Exhibit C
Performance Scorecard**

Monthly Performance Scorecard

Harland / Intuit

Category: Service	Category Weight			[*]	Category Total Score	
Metric	Performance Scale			Weight Factor	Result	Score
	Doesn't Meet	Meets	Exceeds			
	0	1	2	100		
Time In Plant %, standard (base stock, black ink)	[*]	[*]	[*]	[*]		
Time In Plant-Average, standard (base stock, black ink)	[*]	[*]	[*]	[*]		
Time In Plant-Average, custom 1 color	[*]	[*]	[*]	[*]		
Time In Plant-Average, custom 2 color	[*]	[*]	[*]	[*]		
Time In Plant-Average, vended (stamps)	[*]	[*]	[*]	[*]		
Time In Plant-Average, micr-toner	[*]	[*]	[*]	[*]		
Time In Plant-Average, business cards, 1 color	[*]	[*]	[*]	[*]		
Time In Plant-Average, business cards, 2 color	[*]	[*]	[*]	[*]		
Time In Plant-Average, tax forms	[*]	[*]	[*]	[*]		
Time In Plant-Average, fulfillment (non-imprintable)	[*]	[*]	[*]	[*]		
Time In Plant-Average, full custom	[*]	[*]	[*]	[*]		

Category: Operations	Category Weight			[*]	Category Total Score	
Metric	Performance Scale			Weight Factor	Result	Score
	Doesn't Meet	Meets	Exceeds			
	0	1	2	100		
Mail/Fax and OC Rerun Errors	[*]	[*]	[*]	[*]		
MICR Errors % (critical)	[*]	[*]	[*]	[*]		
Rerun Rate % (non-critical)	[*]	[*]	[*]	[*]		
Cross Shipments % (critical)	[*]	[*]	[*]	[*]		
Invoice Exceptions (Harland)	[*]	[*]	[*]	[*]		
Pairing Rate %	[*]	[*]	[*]	[*]		

Cosmos IPH	[*]	[*]	[*]	[*]
Inbound OC Service Level %	[*]	[*]	[*]	[*]
Outbound Call Resolution %	[*]	[*]	[*]	[*]
Rush Orders Missed	[*]	[*]	[*]	[*]
Maximum Hold Time Exceeded	[*]	[*]	[*]	[*]

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

Category: Delivery	Category Weight			[*]	Category Total Score	
Metric	Performance Scale			Weight Factor	Result	Score
	Doesn't Meet	Meets	Exceeds			
	0	1	2	100		
On-time delivery % (Domestic Ground)	[*]	[*]	[*]	[*]		
On-time delivery % (Domestic Home)	[*]	[*]	[*]	[*]		
On-time delivery % (Express)	[*]	[*]	[*]	[*]		
Lost and Damaged % (claims, rerun-generated)	[*]	[*]	[*]	[*]		
Lost and Damaged % (paid claims)	[*]	[*]	[*]	[*]		
Shipper Return Rate %	[*]	[*]	[*]	[*]		
Shipper Late Claims % (paid)	[*]	[*]	[*]	[*]		
Out of Network % (charged)	[*]	[*]	[*]	[*]		

Category: Systems Effectiveness	Category Weight			[*]	Category Total Score	
Metric	Performance Scale			Weight Factor	Result	Score
	Doesn't Meet	Meets	Exceeds			
	0	1	2	100		
Line Items Invoiced % (State 30)	[*]	[*]	[*]	[*]		
Line Items Invoiced % (State 10)	[*]	[*]	[*]	[*]		
Line Items Invoiced % (State 0)	[*]	[*]	[*]	[*]		
Ship Status Completion % in COSMOS	[*]	[*]	[*]	[*]		
System Up time % (Harland only)	[*]	[*]	[*]	[*]		

Category: Fulfillment	Category Weight			[*]	Category Total Score	
Metric	Performance Scale			Weight Factor	Result	Score
	Doesn't Meet	Meets	Exceeds			
	0	1	2	100		
Items Out-of-Stock	[*]	[*]	[*]	100		
Possible Score:	0%	50%	100%			Overall Score:

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

Exhibit D
Comprehensive Security Requirements for Confidential Customer Data and Corporate Information

Definitions

For the purposes of this Exhibit, the following definitions shall apply.

Confidential Information: Information which (i) is proprietary to, about, or created by a specific person or company; (ii) gives the specified person or company some competitive business advantage or the opportunity of obtaining such advantage, or the disclosure of which could be detrimental to the interests of the specified person or company; (iii) is designated as Confidential Information by the specified person or company, or from all the relevant circumstances should reasonably be assumed by the receiving party to be confidential and proprietary to the specified person or company.

The following subcategories of Confidential Information are also defined:

Secret Information: Information that is used to protect other Confidential Information. Generally, Secret Information is not disclosed to outside parties under any circumstances.

Sensitive Information: Any information that could be misused in such a way as to jeopardize the financial or legal position of its owner, or of the person or company described by the information.

Restricted Information: Information that is not Secret or Sensitive, but whose permissible use has been restricted by its owner.

Confidential Information includes, but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing or designated as Confidential):

- a. Personally-Identifiable Information.** Information that identifies or can be used to identify, contact, or locate the person to whom such information pertains. It includes, without limitation, the following information:

Secret Information: Customer passwords, private encryption keys, and private signature keys.

Sensitive Information: Customer account numbers, Social Security numbers, taxpayer identification numbers, account balances, account activity, financial information, medical records, legal records, and records of customer services and other data relating to the products and services offered, received, or purchased by customers of Intuit or the Company.

Restricted Information: Customer names, customer street or e-mail addresses, customer telephone numbers.

- b. Confidential Corporate Information,** consisting of any of the following:

Secret Information: Computer account IDs, passwords for computer or database systems, private encryption keys, SSL keys, computer source code relating to encryption/decryption, special access privileges, known security vulnerabilities, the results of security audits and reviews, and any information explicitly designated Secret by Intuit or by Company.

Sensitive Information: Any of the following:

- (i) **Work Products:** Work product resulting from or related to work or projects performed or to be performed for Intuit or the Company, or for customers of Intuit or the Company (including all media on which such information is contained);
- (ii) **Business Operations:** Internal Intuit or Company personnel and financial information, names and other information about Service Providers (including without limitation Service Provider characteristics, services and agreements), purchasing and internal cost information, internal services and operational manuals, and the manner and methods of conducting Intuit's or the Company's business;
- (iii) **Marketing and Development Operations:** Marketing and development information regarding Intuit's or the Company's operations (including without limitation marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies of Intuit or the Company which have been or are being discussed);
- (iv) **Other Proprietary Data:** Information relating to Intuit's or the Company's proprietary business information (including without limitation information pertaining to business transactions and financial performance) or proprietary rights prior to any public disclosure thereof, and

information regarding acquiring, protecting, enforcing and licensing proprietary rights (including without limitation patents, copyrights and trade secrets).

(v) Designated Information: Notwithstanding the above, any information explicitly designated as Sensitive by Intuit or by Company.

Restricted Information: Aggregated or anonymous customer information (any customer information other than Personally Identifiable Customer Information), contractual information or obligations not designated as Sensitive, and any information explicitly designated as Restricted by Intuit or by Company.

A. Controlling Access to Confidential Information

1. Access to Confidential Information stored on Company's systems must not be granted to members of Company's staff, subcontractors, or other agents, unless the following conditions are met:
 - a) The staff member, subcontractor, or other agent requesting the access can be uniquely identified (e.g., by a unique User ID), with the exception of "root" password access provided by the Company to its core system administration team;
 - b) The staff member, subcontractor, or other agent requesting the access has entered a correct password or other authorizing token to indicate that he/she is the authorized user of this account. If passwords are the only method used for authentication, they must satisfy certain minimal standards mutually agreeable to Intuit and Company (i.e., 8 characters minimum length, required use of special- and/or mixed-case characters, no words that could be found in a dictionary, and required to be changed every 90 days) that make them sufficiently robust to effectively resist both educated guessing and brute-force attacks.
 - c) In all cases, access permissions must be established in a manner that allows only for the minimum access level(s) required for each staff member, subcontractor, or other agent to perform his or her job function. The ability to read, write, modify or delete Confidential Information must be limited to those individuals who are specifically authorized to perform those data maintenance functions.
 - d) The date, time, requestor, and nature of the access (i.e., read-only or modify) has been recorded in a log file.
2. Confidential Information stored on Company's systems must be stored behind firewalls with access to such data limited as described in the preceding requirement.
3. Secret Information must never be stored in clear text on Company's systems. At a minimum, financial services industry-standard encryption techniques must be employed to safeguard Secret Information in Company's systems from retrieval by unauthorized persons. Company should strive to adopt best industry practices where appropriate. Whenever possible, message digest algorithms such as SHA-1 or MD5 should be used to hash and verify the user's password, and "salt" should be added to the input string prior to encoding to ensure that the same password text chosen by different users will yield different encodings.
4. Passwords used to control Company's staff, subcontractors, or other agents' access to Confidential Information must at a minimum conform to the password policies described in paragraph A.1.b above. Passwords used by Company's Customers are not required to conform to these policies; however, Company must ensure that Customers do not have access to Confidential Information other than that which pertains to them.
5. Procedures must be in place to modify or revoke access permissions to Confidential Information when staff members leave the Company or when their job responsibilities change.
6. Printed material that contains Confidential Information must be stored in secured areas to which access is limited to those staff members who have a business need to access it. It must also be disposed of in a secure manner. At a minimum, financial services industry-standard protections must be employed to ensure the secure storage and destruction of Secret and Sensitive Information. Whenever possible, secure disposal alternatives such as on-site shredding prior to recycling or placement in publicly-accessible trash bins with subsequent off-site shredding by a licensed contractor should be implemented.

B. Transmitting Confidential Information

1. Unless restricted by law, Company must not electronically transmit Secret or Sensitive Information over publicly-accessible networks without using 128-bit SSL or another mechanism that affords similar or

greater security and confidentiality. If legal restrictions limit the use of 128-bit SSL encryption technology, Company must use the strongest encryption technology permitted.

2. Confidential Information must never be passed in a URL (e.g., using a Get method) in a manner that potentially exposes the information to third parties and causes such information to appear in log files.

C. Maintaining a Secure Environment

1. To protect the accuracy and integrity of Confidential Information, all such data must be backed up regularly (no less often than weekly), and the backups stored in secure, environmentally- controlled, limited-access facilities.
2. Company must promptly install any security-related fixes identified by its hardware or software vendors, if the security threat being addressed by the fix is one that threatens the privacy or integrity of any Confidential Information covered by this Agreement. Such upgrades must be made as soon as they can safely be installed and integrated into Company's existing architecture and systems.
3. Intuit may, from time to time, advise Company of recent security threats that have come to its attention, and require Company to implement specific modifications to its software, policies, or procedures that may be necessary to counter these threats. Company must implement these modifications within a mutually-agreeable time, or must obtain written permission from Intuit to take some other course of action to ensure that the privacy and integrity of any Confidential Information is preserved.
4. Company must immediately notify Intuit if it knows or suspects that Confidential Information has been compromised or disclosed to unauthorized persons, or if there has been any meaningful or substantial deviation from the requirements contained in the Agreement or this Exhibit. See Section F for contact information.
5. Notwithstanding the minimum standards set forth in this Exhibit, Company should monitor and periodically incorporate reasonable industry-standard security safeguards.

D. Electronic Mail

1. Company shall not send any Secret or Sensitive Information in an e-mail message over publicly- accessible networks unless the e-mail is encrypted using a previously-approved encryption mechanism or is otherwise made secure with an approach that has been mutually agreed upon in advance by Intuit and Company.
2. Company and its subcontractors and agents must not reveal the Personally-Identifiable Information of one customer to any other customer or other third party, in any e-mail or other communication, except as permitted in writing by the affected person, as deemed appropriate in light of the interests of the affected person, or as otherwise required by law.

E. Reviews, Audits, and Remedies

1. Company agrees that Intuit shall have a right to verify Company's compliance with this Exhibit. Upon 14 days' prior written notice to Company, Intuit (or its agent) may enter Company's premises and inspect such of Company's books, records, facilities and computer systems as Intuit and Company shall mutually agree is necessary to ensure that Company complies with the terms, covenants and conditions of this Exhibit. Intuit or its agent shall comply with Company's standard policies and procedures that apply to third party companies that have access to Company's premises, and Intuit or its agent shall access Company's premises during normal business hours (Monday through Friday, 8:00 AM to 5:00 PM). Notwithstanding the foregoing, if Intuit in good faith believes that a threat to security exists that could affect Confidential Information, Company must provide Intuit or its agent access to its premises immediately upon request by Intuit.
2. Intuit may inspect or employ third parties to conduct studies of Company's operational processes, systems and computer network security to determine Company's compliance with this Exhibit. Intuit agrees to coordinate the scheduling of any such study with Company to minimize disruption to Company's business. Company agrees to cooperate with Intuit to commence such a study within thirty (30) days from Company's receipt of written notice of Intuit's intent to conduct, or to employ a third party to conduct, such a study. At Company's request, Intuit will require any third party it employs to conduct such a study to sign a nondisclosure agreement pursuant to which it agrees not to disclose any Confidential Information. Intuit will make the results of any such study available to Company and, depending on the seriousness of any problems found, may require

Company to remedy any and all such deficiencies in a timely fashion. Costs of such audits shall be borne by Intuit, unless Company is deemed, as a result of such an audit, to be in material nonconformity with the Agreement or this Exhibit.

3. Notwithstanding any time-to-cure provision in this Agreement to the contrary, it shall be completely within Intuit's discretion to require correction of any demonstrated security-related problem within a shorter period of time. Intuit shall provide written notice of the problem to Company, and Company must immediately take appropriate steps to correct the problem. If Company fails to correct any demonstrated security problem within a commercially-reasonable time, factoring in the work that must be completed to address the problem, and resulting in the material disclosure or threatened disclosure of Intuit's Confidential Information or Personally-Identifiable Information about Intuit's customers, Intuit may instruct Company to take such interim measures as are necessary to protect such information. If Company fails or refuses to take those interim and/or permanent measures which are necessary to prevent the material disclosure of such information within a commercially-reasonable time, Intuit may terminate any and all affected agreements between Intuit and Company for cause.

F. Compliance with U.S. Laws and Regulations

Company shall comply with all applicable federal, state, and local laws and regulations.

G. Changes to Requirements

Intuit may, in its sole discretion, amend these requirements from time to time, as required by law or otherwise.

H. Contact Information

The primary business contact person for each party under this Agreement shall designate a primary and an alternate single point of contact for security issues for such party (a "Security SPOC") and provide mail, email, telephone, home telephone, and pager or portable telephone contact information for such persons. Both parties agree that either the primary or alternate Security SPOC will be available at all times ("24/7/365"). Such designation and information must be given in writing to the other party within ten (10) business days after the effective date of the Agreement. Any updates to the same shall be given promptly in writing to the other party.

Exhibit E
Intuit Service Provider Privacy Attachment

1. INTRODUCTION

- 1.1. This Intuit Privacy Exhibit (“Exhibit”) governs the manner in which specified customer-related information may be collected, used, or disclosed by Service Provider. Intuit may impose different or additional restrictions in connection with any Intuit business conducted outside of the United States.

2. DEFINITIONS

- 2.1. “Affiliate Companies” shall mean any companies controlling, being controlled by, or under common control with another company.
- 2.2. “Intuit” shall mean Intuit Inc. and its Affiliate Companies.
- 2.3. “Intuit Customer Data” shall mean any data — whether Personally Identifiable Information or aggregate or anonymous information – either disclosed by Intuit to Service Provider, or to which Service Provider has otherwise obtained access by virtue of its relationship with Intuit. Such Data shall include information pertaining to both customers and prospective customers of Intuit.
- 2.4. “Intuit Suppression” shall mean the process of matching or merging marketing lists with all relevant Intuit Do Not Contact lists, including, as applicable, “Do Not Mail,” “Do Not E-mail,” and “Do Not Call” lists, for purposes of purging from such marketing lists or otherwise suppressing Intuit Customer Data of those included on such Do Not Contact lists.
- 2.5. “Opt-out” shall mean the opportunity afforded to Consumers to decline to have their Intuit Customer Data used for purposes other than as necessary to provide the product or service for which the Intuit Customer Data is collected.
- 2.6. “Service Provider” shall mean the party entering into an agreement with Intuit, into which this Exhibit has been incorporated by reference, as well as all Affiliate Companies of said Service Provider.
- 2.7. “Personally Identifiable Information” (“PII”) shall mean any information (i) that identifies or can be used to identify, contact, or locate the person to whom such information pertains, or (ii) from which identification or contact information of an individual person can be derived. PII includes, but is not limited to: name, address, phone number, fax number, email address, financial profiles, medical profile, social security number, and credit card information. Additionally, to the extent unique information, not itself PII, such as, but not necessarily limited to, a personal profile, unique identifier, biometric information, and/or IP address is associated with PII, then such unique information will also be considered PII.

3. SERVICE PROVIDER RESPONSIBILITIES – GENERAL

- 3.1. Service Provider shall comply with this Exhibit and all applicable laws, rules and regulations relating to the collection or use of Intuit Customer Data, and agrees to impose and enforce compliance of this Exhibit on all third party service providers with access to Intuit Customer Data.
- 3.2. Service Provider shall ensure that only those employees or authorized agents who are trained in the proper handling of Intuit Customer Data and who are subject to an obligation to maintain the confidentiality of such information shall have access to Intuit Customer Data.
- 3.3. Service Provider shall under no circumstances collect, access, use, reproduce or disclose Intuit Customer Data other than as either specifically authorized by, or clearly necessary in order to perform services pursuant to, the agreement this Exhibit is incorporated into. Specifically, Service Provider shall not use Intuit Customer Data on its own behalf. Should Service Provider become legally obligated to disclose Intuit Customer Data other than as permitted by this Exhibit, it shall, unless legally prohibited from doing so, first provide notice to Intuit.
- 3.4. The constraints imposed by this Exhibit on the collection, use or disclosure of Intuit Customer Data shall specifically apply to Social Security numbers.
- 3.5. Service Provider shall, as directed, perform an Intuit Suppression prior to engaging in any marketing activities (e.g., e-mail, telemarketing or direct mail marketing) on behalf of Intuit. In addition, Service Provider shall comply with the rules of the Direct Marketing Association’s Mail Preference Service and Telephone Preference Service in connection with all such marketing activities. Such obligations shall be in addition to performing any other legally required suppressions, including legally-mandated Do Not Mail or Do Not Call procedures. Service Provider shall employ measures as directed by Intuit to ensure that Opt-out requests received in connection with such marketing activities are provided to Intuit in a form permitting Intuit to incorporate them into suppression files or other databases. Suppression lists or files provided to Service Provider by Intuit shall

be used solely for purposes of performing an Intuit Suppression and shall be returned or destroyed when no longer needed for such authorized purposes.

- 3.6. Service Providers conducting telemarketing on Intuit's behalf shall comply with Intuit's Do-Not-Call Policy, as follows:

This written policy for maintaining a Do-Not-Call list of individuals who do not wish to receive telephone solicitations made by Intuit Inc. or on behalf of Intuit Inc. (by its service providers) is available upon request.

Do-Not-Call Policy

Intuit maintains a **Do-Not-Call** list of individuals, including their telephone numbers, who have requested not to receive telephone solicitations from Intuit.

Intuit's **Do-Not-Call** list applies to Intuit and all its subsidiaries.

Neither Intuit nor its service providers shall make telephone solicitations to the homes of individuals on Intuit's **Do-Not-Call** list.

If an individual states that he or she does not want to receive telephone solicitation calls, the individual's name and telephone number must be added to Intuit's **Do-Not-Call** list.

Intuit must keep a record of an individual's **Do-Not-Call** request for ten (10) years from the time the customer makes the request.

- 3.7. Service Provider shall maintain such records as are necessary to demonstrate its compliance with this Exhibit and shall permit Intuit, or a third party chosen by Intuit and reasonably acceptable to Service Provider, to audit Service Provider's records and practices relating to its obligations under this Exhibit upon reasonable notice and during regular business hours, and at Intuit's expense, at the locations where such records and data are maintained, for purposes of verifying Service Provider's compliance. Intuit shall be provided with a description of all data flows and use of data upon request, and all such data flows and use of data re subject to approval by Intuit.
- 3.8. Service Provider shall immediately report to Intuit any failure to treat or protect — including specifically any unauthorized use or disclosure of — Intuit Customer Data as set forth in this Exhibit or the agreement it is incorporated into, including any related complaints about Service Provider's information and collection practices, and to consult with Intuit as to correction thereof. Service Provider agrees that Intuit shall have the right to control and direct any response and/or correction of any such breach.
- 3.9. Service Provider shall provide Intuit with a contact name and contact information for communications related to this Exhibit, including compliance with or any breaches thereof.
- 3.10. Intuit may amend this Exhibit from time to time as may be required by law or otherwise. At Intuit's discretion, Service Providers not willing or able to change practices in accordance with such amendments may be given 30 days to terminate.

Last Revised July 4, 2002.

Exhibit F
Intuit Suspicious Mail Handling Procedures

The following Intuit Package Handling Requirements shall apply to Harland, its subsidiaries and third party vendors (hereinafter, "Company") in connection with one or more related service agreements involving the handling of Intuit mail and packages.

The accurate, timely, and proper handling of incoming and outgoing mail and packages are absolutely essential to each party's business. To ensure that incoming Intuit mail and packages, including, but not limited to, Intuit Customer orders/returns and Intuit/Company vendor orders ("Intuit Materials") are properly handled, all accesses to, uses of, and processing of Intuit's Materials must be consistent with the package handling requirements, related procedures, and guidelines which are attached below as Attachment A. Company and Intuit shall comply with the Intuit Package Handling Requirements (as amended from time to time). Upon notice of an amendment, Company shall comply with such amendments to the Intuit Package Handling Requirements as soon as reasonably possible (not to exceed 30 days) based on the importance of the amendment and the severity of the issues that are addressed by the amendment.

Company shall establish and maintain its own organization-wide information security policies, standards, guidelines and procedures, which shall meet or exceed the requirements set forth in the Intuit Package Handling Requirements.

Company shall promptly conduct investigations of any breaches of such Intuit Package Handling Requirements, and shall take steps to remedy and prevent such breaches. Company shall take such further actions as it deems necessary to ensure the proper handling of the Intuit Materials to which it has possession, access or control.

**Attachment A:
Package Handling Requirements**

A. Controlling Access to Intuit Materials

Authorization processes must be employed to control Company's staff, subcontractors, or other agents' access to Intuit Materials. These processes must at a minimum identify the staff, subcontractor or other agent and record their entry while on the Company premises, e.g., by the use of a personally identifiable time card or an electronic identification badge.

Procedures must be in place to modify or revoke access permissions to Intuit Materials when staff members leave the Company or when subcontractors, or other agents cease doing business with the Company.

A public records check to ascertain evidence of criminal background, including identity verification, e.g., by verifying social security number and date of birth, must be run on all current and future Company staff, subcontractors or other agents who have access to Intuit materials. To the extent allowed by applicable law, background check results must be taken into account so as to reasonably ensure the security and integrity of Intuit Materials.

The Company currently maintains card access security systems at those locations that would receive and handle Intuit Materials, providing a controlled environment for access to those materials. The current access systems and procedures must satisfy this requirement regarding access to materials, with the exception of the background check requirement.

B. Storing and Transporting Intuit Materials

Reasonable procedures must be employed to limit access to and secure Intuit Materials when in storage. These processes must be documented and submitted to Intuit as part of the Company's overall Security Plan.

The Company must transport Intuit Materials in a manner that is designed to prevent unauthorized access to those Materials and provide for loss or tamper awareness.

The Company's current transportation and storage procedures for mail and package processing and delivery must satisfy the above requirements. Intuit must be promptly notified of proposed changes to the Company's current policies and practices with regard to transportation and storage procedures for Intuit materials. In addition, Company shall ensure that Intuit is promptly notified in the following instances:

1. Change in Company vendors or operating methods
2. Evidence of mail tampering external to Company and its vendors

C. Maintaining a Secure Environment

Access to Company facilities must be controlled, e.g., by electronic systems, security guards, receptionists or closed-circuit cameras at all entrances, visitor controls, and delivery truck/driver controls. The Company's current card access and visitor control systems must satisfy the above requirements. Intuit must be notified of proposed changes to the Company's current policies and practices with regard to facility access.

All incoming supplies of goods and materials that may potentially affect Intuit Materials must be checked for compliance with production orders and shipping manifests and appropriate action taken if these supplies are not compliant.

Intuit may, from time to time, advise Company of recent security threats that have come to its attention, and require Company, at Intuit's sole expense, to implement specific modifications to its policies or procedures that may be necessary to counter these threats. Company must implement these modifications within a mutually-agreeable time, or must obtain written permission from Intuit to take some other course of action to ensure that the security of Intuit's materials/packages is preserved.

Notwithstanding the minimum standards set forth in this Agreement, Company must monitor and periodically incorporate reasonable direct mail industry-standard security safeguards.

No scrap, overruns, nor returned Intuit Materials can be destroyed or disposed of without the pre-approval of Intuit. The Company's current practices for shredding and/or disposal of all scrap, overruns, and returned material are considered satisfactory for this requirement and this agreement serves as pre-approval for the use of these practices for the destruction and disposition of all Intuit materials.

The Company's current manufacturing processes and procedures are considered sufficient to limit dust resulting from production operations in Intuit Materials.

D. Handling Suspicious mail/packages by Company

Management Actions

1. Process Implementation

- a. Company shall ensure that process controls are implemented to ensure that mail is secured when not being handled.
- b. Company shall ensure that physical barriers are implemented, including but not limited to, secured or separate space for mail handling, the ability to isolate or shut down HVAC systems in the event of a suspected contamination, and controls to prevent the unauthorized tampering to mail and sorting systems.
- c. Company shall ensure that employees are trained to recognize harmful agents, including but not limited to, chemicals, explosives, and inappropriate foreign matter.
- d. Company shall ensure appropriate incident response, including but not limited to, a documented process to quickly respond to and mitigate the danger, providing escalation and alternate work recovery strategies as appropriate.

2. Preplanning

Parties acknowledge that proper handling of suspicious mail/packages is necessary to the success of each parties' businesses. Company mail and distribution management, in concert with the site corporate services manager, and corporate security should ensure the following precautions are in place:

- Ensure all individuals working in the mail and distribution area receive training in the below listed "Precautionary Procedures for Suspicious mail/packages", as may be amended by Intuit from time to time.

- Identify all up stream service providers and how the mail and packages are handled. This would include the location of the postal distribution center, couriers, and delivery companies.
- Maintain a secure environment for the mail and distribution center. Access should be limited to those working in the area.
- Maintain a clean housekeeping environment. Dust and other by-products of mail handling should be vacuumed on a daily basis.
- Ensure containers (mail trays and other) are clean and free of foreign matter prior to use.

3. PRECAUTIONARY PROCEDURES FOR SUSPICIOUS MAIL/PACKAGES

Company shall inform Company employees of the following procedures listed below and use best efforts to require their compliance if a suspicious or unidentified substance is found in mail/packages. There are three classes of incident.

CLASS 1: Discovery of a suspicious or unidentified substance of unknown origin

CLASS 2: Release of a suspicious or unknown substance from a shipping container

CLASS 3: Release of an unknown substance by a person acting in a suspicious or threatening manner

CLASS 1 INCIDENTS

Discovery of a suspicious or unidentified substance of unknown origin

What to do:

IF YOU FIND A SUSPICIOUS OR UNKNOWN SUBSTANCE, DO NOT PANIC. Most substances found in the workplace turn out to be normal, everyday materials that someone has spilled by accident and are not dangerous.

Do not inhale; briefly examine the area to locate the possible source of the substance.

If you cannot identify the substance or its source move away from it and instruct others present to isolate the immediate area.

If the substance is clearly spreading, take action to limit its movement. Close doors and windows to confine it if possible. Turn off any fans or other devices that might cause it to spread. If there is a possibility that it might move into an air vent, turn off the Heating, Ventilation, or Air Conditioning (HVAC) system. Designate the location of the HVAC controls in the building, and the individuals authorized to shut it down. If there is a possible danger to people in other areas of the facility notify them. Have them take action to limit the unknown substance's spread and move to a safe distance.

NOTIFY INTUIT SECURITY AT 650-944-6911

At a safe distance, describe the substance to your coworkers. If they can identify it, take appropriate action to have the affected area cleaned. Notify anyone nearby that they can return to work if the known substance is not a hazardous material.

If your coworkers cannot identify the substance, instruct them to keep the area isolated. Instruct anyone who may have been exposed to the substance to remain nearby at a safe distance for further guidance. Designate an external meeting area, and not allow individuals to leave the site, or wait in their vehicles.

Prepare a list of all individuals in the facility at the time of the incident. The list should contain name, telephone number, and address.

Prepare a description of the suspect mail container and contents, if known.

Wait at a safe distance for the emergency response personnel to arrive and follow their instructions.

CLASS 2 INCIDENTS

Release of a suspicious or unknown substance from a container

What to do:

DO NOT PANIC: You are in control and you know what to do.

Examine all containers for suspicious indicators before opening them.

If a suspicious container has not yet been opened, do not open it.

Do not transport the container around the facility or shake it.

Do not merely discard the container.

Isolate the immediate area around the suspicious unopened container. Make sure no one disturbs the container. Keep people at a safe distance. Go to step 13.

If you open a container and find that it contains or releases suspicious material, do not inhale its contents.

Do not move the container or shake it.

Do not merely discard the container.

Do not empty the container or shake it.

Isolate the immediate area around the container. Make sure no one disturbs the container. Keep people at a safe distance.

Place something over the container opening if possible to do so safely. For example, place a large sheet of plastic over the container without touching it.

Do not inhale while doing this.

Turn off any fans or other devices that might cause contamination to spread. If there is a possibility that contamination might move into an air vent, turn off the Heating, Ventilation, or Air Conditioning (HVAC) system. Designate the location of the HVAC controls in the building, and the individuals authorized to shut it down. Shut all dock doors.

Notify INTUIT SECURITY AT 650-944-6911 then call your local emergency response agency at 911. Describe the container and its contents. Follow their instructions.

Wash your hands with warm soap and water for one minute.

Do not allow anyone to leave the area who may have touched the container or its contents or who was present in the immediate area when it was opened. Have everyone meet at a designated location. Prepare a list of all individuals that were in the area of the suspect package, including name, telephone number, and address. Do not allow anyone to leave, or to wait in his or her vehicles.

Wait for emergency responders to arrive and follow their instructions.

CLASS 3 INCIDENTS

Release of an unknown substance by a person acting in a suspicious or threatening manner.

What to watch for:

Anybody acting in a suspicious or threatening manner

Anybody throwing, spraying, spreading, or pouring an unidentified substance

Anybody tampering with an air vent, fan, food, or water supply

Anybody carrying an unknown substance with an unknown purpose

What to know:

Vigilance is a deterrent. If a suspicious individual is confronted before he can act, he will often decide to leave.

The chance that someone may threaten your facility is low, but needs to be considered.

What to do:

Ask any suspicious individual what their purpose is. If they refuse to answer, ask them to remain where they are and have someone notify on-site security or a manager. If the person becomes threatening go to step 2.

Report any threatening individual to on-site security or call police.

Maintain a safe distance from any threatening individual. Warn your coworkers.

Make sure that an exit is available.

If the person releases an unknown material, evacuate the area. Sound a fire alarm if convenient to warn others to evacuate the facility.

Notify emergency responders, on-site security, and police if they have not already been called.

Maintain a safe distance from the area affected by the released substance and from the threatening individual. Do not allow anyone to leave the area. Have everyone meet at designated location. Prepare a list of all individuals that were in the area of the suspect package, including name, telephone number, and address. Do not allow anyone to leave, or to wait in his or her vehicles.

If you have been exposed to any released substance, remain nearby for assistance.

Wait for security, police, and emergency responders. Follow their instructions.

E. Reviews, Audits, and Remedies

Company agrees that Intuit shall have a right to verify Company's compliance with this Agreement and an Intuit-approved Package Handling Plan that conforms to these Requirements. Intuit (or its agent) may enter Company's premises and inspect such of Company's facilities as Intuit and Company shall mutually agree is necessary to ensure that Company complies with the terms, covenants and conditions of this Agreement. Intuit or its agent shall comply with Company's standard policies and procedures that apply to third party companies that have access to Company's premises, and Intuit or its agent shall access Company's premises during normal business hours (Monday through Friday, 8:00 AM to 5:00 PM). Notwithstanding the foregoing, if Intuit in good faith believes that a threat to security exists that could affect Mail/packages, Company must provide Intuit or its agent access to its premises immediately upon request by Intuit.

Intuit may inspect or employ third parties to conduct studies of Company's operational processes, to determine Company's compliance with these Requirements and an Intuit-approved Package Handling Plan that conforms to these Requirements. Intuit agrees to coordinate the scheduling of any such study with Company to minimize disruption to Company's business. At Company's request, Intuit will require any third party it employs to conduct such a study to sign a nondisclosure agreement pursuant to which it agrees not to disclose any confidential information. Intuit will make the results of any such study available to Company and, depending on the seriousness of any problems found, may require Company to remedy any and all such deficiencies in a timely fashion. Costs of such audits shall be borne by Intuit.

Notwithstanding any time-to-cure provision in related service agreements between the parties that address the handling of Mail/packages to the contrary, Intuit may require correction of any demonstrated security-related problem with Company procedures and practices within a shorter period of time, to the extent necessary to protect Mail/packages from compromise and to ensure proper handling of suspicious Mail/packages. Intuit shall provide written notice of the problem to Company, and Company must immediately take appropriate steps to correct the problem.



**INTUIT
MASTER SERVICES AGREEMENT**

THIS AGREEMENT (“Agreement”) is made and entered into as of the date of the later signature below (the “Effective Date”) by and between Intuit Inc., a Delaware corporation, with offices at 2535 Garcia Avenue, Mountain View, CA 94043, on behalf of itself, and its Enterprise Members (as defined below and for whom Services (as defined below) may be performed as set forth on applicable Statements of Work) (“Intuit”), and Arvato Services, Inc. (including for all purposes of this Agreement any of its employees and/or Intuit-authorized subcontractors performing services hereunder) (“Contractor”), as further identified in **Exhibit A**, which **Exhibit A** may be amended by Contractor from time to time. For the purposes of this Agreement, Enterprise Members shall include all affiliates, subsidiaries and related companies that Intuit controls by ownership of fifty percent (50%) or greater equity interest, or directly controls the day-to-day management by management contract. Intuit shall be responsible for the performance or non-performance of any such Enterprise Members in connection with this Agreement. Contractor and Intuit hereby agree as follows:

1. **Independent Contractor.** In accordance with the mutual intentions of Intuit and Contractor, this Agreement establishes between them an independent contractor relationship, and all of the terms and conditions of this Agreement shall be interpreted in light of that relationship. The parties do not intend to create an employer-employee relationship between Intuit and Contractor, and nothing in this Agreement shall be construed to create that type of relationship between the parties.
 2. **Services.**
 - (a) From time to time during the Term, Intuit may request Contractor to perform certain services (collectively, the “Services”) pursuant to Statement(s) of Work, which will expressly incorporate the terms and conditions of this Agreement and which shall be substantially in the form of the representative Statement of Work set forth in **Exhibit B** or such other form as may be mutually agreed upon by the parties. Each Statement of Work will, at a minimum, specify: (i) Contractor’s specific obligations, including all deliverables, improvements, and tasks the Contractor shall perform, develop or provide in the course of performing the Services; (ii) the performance schedule relating to such Services; (iii) the applicable fees, discounts and payment terms for the Services; (iv) any responsibilities of Intuit; (v) certain assumptions on which Contractor’s performance of Services or provision of deliverables is based; and (vi) any other pertinent terms and conditions. Neither Intuit nor Contractor will be obligated to enter into any Statement of Work, and Contractor will not, and will not be obligated to, perform any Services or provide any deliverables not specifically set forth in a Statement of Work. In the event of a conflict between the provisions of this Agreement and the specific provisions set forth in a Statement of Work, the provisions of this Agreement shall control except to the extent the provisions of the Statement of Work specifically reference the provisions of this Agreement that are inconsistent therewith, in which case the Statement of Work shall control for that engagement only.
 - (b) Contractor agrees to use commercially reasonable efforts to perform the Services in accordance with the terms and conditions of this Agreement. Contractor owns or leases, or intends to purchase or lease or otherwise obtain at its own expense (subject to change control as set forth in **Section 2(f)**), all the equipment and tools it requires to perform the Services. Contractor’s performance of the Services must comply with the terms and conditions of this Agreement (including without limitation any applicable Statement of Work); however, Contractor shall determine the means and methods of performing these Services. Contractor acknowledges that time is of the essence with respect to Services that result in deliverables to be provided to Intuit’s customers and as set forth in a Statement of Work. The parties acknowledge and agree that the Services under any Statement of Work may be dependent upon the timely and satisfactory completion of conditions or provision of resources by Intuit (“Dependencies”). In the event any Dependencies have not been satisfied, Contractor may, solely to the extent an activity or obligation of Contractor is directly and materially adversely impacted by such failure and only for the duration that such failure is not rectified, or only for the duration of any unavoidable material adverse impact as a result of such failure, as applicable, suspend or delay the materially impacted activities or obligations under the applicable Statement of Work, and if applicable, proceed in accordance with the change control procedure described in **Section 2(f)** or as otherwise set forth in the applicable Statement of Work. Delays that either party becomes aware of shall be reported immediately to the other party’s Project Manager (as defined in **Section 2(c)**). The parties agree that any suspension or delay by Contractor pursuant this **Section 2(b)** shall be limited solely to activities or obligations that the parties mutually and in good faith agree cannot or should not proceed absent completion of the Dependency or substantial increased or additional cost or other resources. The right to delay or suspend Services under this **Section 2(b)** shall not apply to any failure to pay for Services within the agreed upon time period.
 - (c) Each party shall designate a “Project Manager” who shall be the principal point of contact between the parties for all matters relating to Services provided hereunder and under a particular Statement of Work. Each Statement of Work shall contain an initial designation of a Project Manager for each party. A party may designate a new Project Manager by written notice to the other party. The Project Managers shall have the responsibilities set forth in a particular Statement of Work.
 - (d) Each party shall at all times take commercially reasonable precautions and use commercially reasonable efforts to conduct all operations under this Agreement in a manner to avoid the risk of loss, theft, or damage by vandalism, sabotage or other means to any property of either party. Each party shall use commercially reasonable efforts to periodically inspect all its work, materials, and equipment facilities to discover and determine any of the above-described conditions and except to the extent of any condition caused by the other party’s negligence or fault, each party shall be solely responsible for discovery, determination and correction of any such conditions. Each party shall cooperate with the other party on all security matters and shall use commercially reasonable efforts to promptly comply with any project security requirements established by the other party with respect to the Services. Compliance with these security requirements shall not relieve either party of its responsibility for maintaining adequate security, nor shall such compliance be construed as limiting either party’s obligation to undertake reasonable action as required to comply with the terms and conditions of this Agreement. Each party shall prepare and maintain accurate reports of incidents of loss, theft or vandalism and shall furnish these reports to the other party in a timely manner. Each party is solely responsible for the safety of its own personnel. Each party shall comply with all applicable laws, ordinances and regulations, including, but not limited to, permits required by federal, state, country or municipal
-

ordinances, regulations and law, the Occupational Health and Safety Act (OSHA) of 1970, Consumer's Product Safety Act of 1972 and any and all Environmental Protection Act ordinances, regulations and rules. Contractor agrees to adhere, at all times during the Term, to Intuit's Rules of Conduct for Onsite Service Providers, the current version of which is attached hereto as **Exhibit C**. The applicability to this Agreement and to Contractor of any material amendment to **Exhibit C** is subject to Contractor's prior written approval.

(e) In the event that Intuit authorizes Contractor to use Intuit's resources in performing the Services hereunder, Contractor agrees to use such resources solely in connection with the performance of the Services hereunder, or to reasonably compensate Intuit for any use not in connection therewith as may be agreed upon in good faith by the parties.

(f) During the term of any Statement of Work, if any change in the scope of the Services being performed under such Statement of Work occurs, either party may propose a change or addition to the work. Such changes may affect the scope or duration of the Services relating to any such Statement of Work, including changes in the specifications and changes in any deliverables to be delivered. The following procedures shall apply to any proposed change. Contractor promptly shall assign a member of its team to define and describe the change (an "Assessment"), and to notify Intuit of the cost and/or the impact on the schedule set forth in the applicable Statement of Work if Contractor believes that an adjustment in the fees to be paid to Contractor with respect to the applicable Statement of Work, or an adjustment to the applicable performance or delivery schedule, is required. If such change is initiated or caused by Intuit, Contractor shall invoice Intuit for the work described in the immediately preceding sentence at the rate of the applicable team member and approved in writing by Intuit, all as set forth in such Statement of Work. In the event Contractor initiates or causes such a change, Contractor shall not charge Intuit for such Assessment. Intuit also may request a change in the schedule without changing the scope of the Services relating to the applicable Statement of Work. In either case, the parties shall follow the above procedures and negotiate in good faith a reasonable and equitable adjustment in the applicable fees, schedule and specifications. Once the scope of the change has been determined, the parties shall determine jointly whether the change should be implemented, deferred until a later phase or project, or abandoned. In the event the parties tentatively agree upon a present or future implementation of a change, such agreement shall take effect only as set forth in a written amendment to the applicable Statement of Work executed by both parties. Contractor shall continue work pursuant to the existing Statement of Work, and shall not be bound by any change requested by Intuit, until such change has been agreed upon in writing by the parties as specified herein.

(g) No Exclusivity. The parties acknowledge and agree that this Agreement does not create an exclusive relationship between the parties. Contractor may provide similar Services to its other clients and Intuit may obtain similar Services from service providers other than Contractor. The parties further acknowledge and agree that Intuit is not obligated to procure any specific amount of Services under this Agreement and shall be obligated to procure only those quantities for which Intuit has submitted a specific order pursuant to a Statement of Work.

3. Testing and Acceptance. To the extent a particular Statement of Work specifically identifies Services or deliverables for which Intuit's acceptance is required, Intuit may, in accordance with any additional terms set forth in an applicable Statement of Work, conduct acceptance tests to verify whether the Services and/or the deliverables substantially conform to the applicable specifications set forth in the applicable Statement of Work or any written documentation provided by Contractor for the Services and/or deliverables. Intuit shall have fifteen (15) days after completion of the applicable Services, or such other period as may be mutually agreed upon as set forth in the applicable Statement of Work (the "Acceptance Period"), to perform such tests. If Intuit notifies Contractor of any material non-conformities with such specifications in any of the Services and/or the deliverables (each, a "Nonconformity" and collectively, the "Non-conformities") in writing within the applicable Acceptance Period, Contractor promptly shall either demonstrate to Intuit that no such Non-Conformities exist or use commercially reasonable efforts to correct such Non-conformities at its own expense and notify Intuit in writing when such corrections are complete. Intuit then shall have the right to test the corrected Services and/or deliverables, as upon the initial completion of the applicable Services as set forth above. If Intuit accepts the Services and/or deliverables, as determined by Intuit as set forth above, Intuit shall sign the acceptance certificate, attached hereto as **Exhibit D**. If Intuit does not sign the acceptance certificate or notify Contractor of any material Non-conformities within the applicable Acceptance Period, Intuit shall be deemed to have "Rejected" the Services and/or the deliverables and the parties will address any such Rejection as set forth in the applicable Statement of Work. Should Contractor fail to correct a Nonconformity within sixty (60) days after receiving written notice thereof from Intuit, or such longer period as may be mutually agreed upon in the applicable Statement of Work, Intuit may terminate the applicable Statement of Work, without prejudice to its rights and remedies hereunder and without any further obligation to Contractor other than the payment to Contractor of any and all fees incurred by Contractor through the effective date of such termination pursuant to the applicable Statement of Work.

4. Compensation and Payment.

(a) Subject to the next sentence, Intuit will pay Contractor for the performance of the Services in the amounts and otherwise in accordance herewith and with the schedule specified in the applicable Statement of Work. As may be set forth in a Statement of Work, certain payments may be subject to Intuit's acceptance in accordance with **Section 3**. No compensation shall be paid for services rendered by Contractor unless the Services are set forth in a Statement of Work or otherwise authorized in accordance with the change order procedures in **Section 2(f)** and/or in a Statement of Work.

(b) Contractor will submit monthly reports as reasonably requested by Intuit and monthly invoices to Intuit, accompanied by reasonably detailed descriptions of the Services performed during the preceding month, the fees related thereto, prior approved disbursements and out-of-pocket expenses then due. If permitted in a Statement of Work, Contractor shall invoice Intuit for travel expenses in accordance with Intuit's then-current reimbursable expenses guidelines. Unless reimbursement for travel expenses is expressly stated in a Statement of Work, however, Contractor shall bear all travel expenses of its employees and/or agents. The current version of such expense guidelines is attached hereto as **Exhibit G**. Intuit will provide reasonable advance written notice to Contractor of any material amendment to **Exhibit G**. Contractor will mail these invoices to Intuit Inc., Attn: AP-01, 6220 Greenwich Drive, San Diego, California 92122-5988, or such other address as Intuit shall designate in writing from time to time. All invoices must reference the number and date of the relevant Statement of Work and must be received by Intuit within six (6) months after the completion of any Statement of Work. Unless otherwise set forth in a Statement of Work or otherwise agreed by the parties, any invoices not received within such six (6) month time period shall be deemed forgiven by Contractor.

(c) All undisputed payments will be made by Intuit within twenty (20) days after the receipt by Intuit of any invoice, and mailed to Contractor at its address specified in the invoice. If Intuit pays any invoice within ten (10) days of receipt by Intuit of such invoice, such invoice shall be discounted by Contractor by

one percent (1%) of the total amount of the invoice. Any applicable discounts shall be calculated from the later of the receipt of the invoice by Intuit or the date any deliverable is received by Intuit at the designated Intuit location with respect to any Statement of Work executed under this Agreement. In the event that Intuit in good faith disputes any invoice rendered or amount paid, Intuit will notify Contractor in writing and the parties shall work together to resolve such dispute expeditiously, all in accordance with **Section 14(c)** of this Agreement and the time for payment of the disputed invoice shall be extended until resolution of the dispute.

(d) Contractor shall detail in each invoice provided under this Agreement taxes for goods and services, and shall separately state the different types of taxes by the type of tax Intuit shall pay on products and services, if any, sold or provided by Contractor to Intuit (sales, use, etc.). Intuit shall bear all taxes, duties, levies, and other similar charges (and any related interest and penalties), however designated, imposed as a result of the existence or operation of this Agreement, including but not limited to any tax which Intuit is required to withhold or deduct from payments to Contractor. Intuit will reimburse and indemnify Contractor for any such taxes and contributions and interest and penalties that Contractor may be compelled to pay on account of Intuit's non-payment.

(e) Except for any lien, claim or encumbrance arising as a result of Intuit's failure to pay hereunder ("Intuit Lien"), Contractor shall keep Intuit's property free and clear of all liens, claims, and encumbrances arising from the performance of the Services provided under this Agreement by Contractor. If any lien other than an Intuit Lien is filed, Contractor shall use commercially reasonable efforts to promptly procure the release of such lien. Contractor shall have the right to contest the validity or amount of any such lien; however, pending the discharge of any such lien of record, Intuit may retain out of any monies that are due and payable to Contractor in an amount sufficient to discharge such lien. Except in connection with any Intuit Lien, Contractor agrees to reimburse Intuit for all monies paid and expenses incurred by Intuit in discharging such liens or otherwise incurred in connection with any action or proceeding for the removal or enforcement of the lien. Intuit agrees to reimburse Contractor for all monies paid and expenses incurred by Contractor in discharging, removing or enforcing any Intuit Lien. Contractor shall include a provision satisfying the requirements of this **Section 4(e)** as part of any and all subcontracts entered into for the work or any portion of the Services.

(f) Each party will maintain complete and accurate records relating to any fees and payments charged or made in connection with the Services provided under this Agreement or any transactions upon which such fees are based or calculated. Either party may, upon not less than thirty (30) days prior written notice to the other party, cause an independent Certified Public Accountant to inspect such other party's relevant records upon which such fees or payments are based during normal business hours and without material interruption of business operations. The determination by such independent Certified Public Accountant shall be binding upon the parties. The fees charged by such Certified Public Accountant in connection with the inspection will be paid by the auditing party, unless the payments made by Intuit are determined to have been more than five percent (5%) in excess of the payments actually owed to Contractor, in which case Contractor will be responsible for the payment of the fees for such audit, or unless the payments made by Intuit are determined to have been less than five percent (5%) of the payments actually owed to Contractor, in which case Intuit will be responsible for the payment of the fees for such audit. In addition, Contractor shall promptly remit payment to Intuit for the full amount of any disclosed overcharges and Intuit shall promptly remit payment to Contractor for the full amount of any disclosed shortfalls. The audit rights set forth herein shall not be exercisable more than twice annually (unless an audit results in a finding of payment in excess of five percent (5%) of the amount

+

due, in which case they shall be exercisable three (3) times a year) and shall continue for one (1) year following the termination of this Agreement for any reason.

5. If Intuit notifies Contractor in writing, in good faith and in sufficient detail, of its belief of a material problem with any personnel of Contractor, Contractor will address such problem in good faith in a timely manner consistent with industry standards.

6. Term/ Termination.

(a) Unless otherwise terminated in accordance with this Agreement, the term of this Agreement shall begin on the Effective Date and will continue for a period of three (3) years after the Effective Date (the "Term"). Upon mutual written agreement of the parties, this Agreement will be renewed for additional agreed upon periods of time.

(b) Either party may terminate this Agreement or an applicable Statement of Work (i) due to a material breach of this Agreement or such applicable Statement of Work by the other party if such material breach remains uncured for a period of twenty (20) days or as may otherwise be set forth in a Statement of Work, following receipt by the breaching party of written notice by the non-breaching party; or (ii) by giving (30) days' written notice to the other party in the event of: (A) any sale or transfer of all or substantially all of such other party's assets; or (B) any acquisition of a controlling interest in such other party's voting stock.

(c) Either party may terminate a Statement of Work any time after twelve (12) months from the effective date of such Statement of Work, without cause, upon ninety (90) days' written notice to the other party.

(d) In the event of an early termination of this Agreement, Intuit shall compensate Contractor in accordance with **Section 4** for the Services and deliverables provided on or before the effective date of the termination and shall compensate Contractor for all disbursements and out-of-pocket expenses reasonably incurred by Contractor in connection with this Agreement and pre-approved by Intuit in writing. Upon termination or expiration of this Agreement or any Statement of Work, or at any prior time upon the request of either party, the other party will promptly deliver to such party, all Confidential Information or other memoranda, notes, records, drawings, manuals, disks, documents, media, equipment, papers or other information, obtained by the other party from such party or otherwise pertaining to such party's business, including all copies thereof, provided however, that Intuit agrees that if such delivery by Contractor reasonably would interfere with Contractor's ability to perform hereunder or under any Statement of Work, such situation shall be deemed, and treated as, a Dependency hereunder and under an applicable Statement of Work. Each party acknowledges that all such materials are the property of the other party and each party agrees not to retain any copies of such materials after the termination or expiration of this Agreement or of any Statement of Work.

(e) Upon termination or expiration of this Agreement or any Statement of Work hereunder, Contractor shall (i) remove all of its equipment and materials, and any and all debris and waste material created by Contractor on any Intuit premises during the Contractor's performance of the Services under this Agreement, (ii) leave such Intuit premises in a condition reasonably satisfactory to Intuit, and (iii) provide Intuit with reasonable transition assistance at the rates and to the extent the parties may agree upon through good faith negotiations.

(f) The provisions of **Sections 4, 6(d), 6(e), 6(f), 8 through 11, 13 and 14** as well as corresponding provisions of

any of the Exhibits, will survive any termination or expiration of this Agreement.

7. No Marketing Obligation. Intuit reserves the right to acquire, license, develop, manufacture, market and/or distribute products and/or services that are similar to or may compete with Contractor's Services rendered or deliverables delivered hereunder.

8. Ownership and Licenses.

(a) The parties acknowledge and agree that each party may own or have rights to data, technology, methods and methodologies, processes, know-how, ideas, techniques, models, templates, development tools, software code, algorithms, documentation, tools, software and other materials (in the case of Contractor collectively, the "Contractor Materials" and in the case of Intuit collectively, the "Intuit Materials"). Each party acknowledges and agrees that except as expressly set forth in this **Section 8** or in a Statement of Work (i) no rights to the Contractor Materials are granted to Intuit and no rights to the Intuit Materials are granted to Contractor and (ii) Contractor shall own all intellectual property rights in and to the Contractor Materials and Intuit shall own all intellectual property rights in and to the Intuit Materials. Without limiting the foregoing, the parties expressly understand and agree that Contractor shall not receive any rights to any Intuit customer data Intuit may provide Contractor, other than the right to use such data solely to the extent necessary for Contractor to provide the Services. Contractor further acknowledges and agrees that it shall have no right to retain any Intuit customer data after the termination of this Agreement nor to use such data, including using such data in the aggregate, for any purpose other than to provide the Services.

(b) To the extent Contractor provides any Contractor Materials or deliverables to Intuit hereunder or under any Statement of Work, Contractor hereby grants to Intuit a non-transferable, non-exclusive, revocable (except to the extent any tangible Contractor Materials are incorporated into and necessary for use of a finished Intuit product already or to be provided directly or indirectly by Contractor to Intuit's customers hereunder, in which case, and solely to such extent, irrevocable), limited license to use such Contractor Materials and deliverables solely as necessary to receive the Services. To the extent Intuit provides any Intuit Materials to Contractor hereunder or under any Statement of Work, Intuit hereby grants to Contractor a non-transferable, non-exclusive, revocable, limited license to use such Intuit Materials solely as necessary to provide the Services. Neither Intuit, nor any third party, shall remove, obscure or alter Contractor's copyright notices, trademarks or other proprietary rights or notices affixed to or contained in the Contractor Materials and neither Contractor, nor any third party, shall remove, obscure or alter Intuit's copyright notices, trademarks or other proprietary rights or notices affixed to or contained in the Intuit Materials.

9. Confidential Information.

(a) For the purposes of this Agreement, "Confidential Information" means the Contractor Materials, the Intuit Materials, the terms and conditions of this Agreement (including all Statements of Work and any other related documents), customer data and all non-public information about the disclosing party's (or its suppliers') business or activities that is proprietary and confidential, which shall include all business, customer, financial, technical and other information of either party, whether or not it is marked or designated by such party as "confidential" or "proprietary" at the time of disclosure. Confidential Information will not include information that: (i) is in or enters the public domain without breach of this Agreement; (ii) the receiving party lawfully receives from a third party without restriction on disclosure and without breach of a nondisclosure obligation; (iii) the receiving party rightfully knew prior to receiving such information from the disclosing party; or (iv) the receiving party develops independent of any information originating from the disclosing party.

(b) Each party agrees that: (i) it will not disclose to any third party any Confidential Information disclosed to it by the other party except as expressly permitted in this Agreement; (ii) it will not use any Confidential Information disclosed to it by the other party except as necessary to perform its obligations under this Agreement; and (iii) it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance. Notwithstanding the foregoing, each party may disclose Confidential Information to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law, provided that such party uses reasonable efforts to request confidential treatment or a protective order before such disclosure; or on a "need-to-know" basis under an obligation of confidentiality to its legal counsel and accountants.

(c) Each party acknowledges and agrees that its breach or threatened breach of the provisions under this **Section 9** or under **Section 8** will result in irreparable harm to the other party and that either party will have the right to enforce **Section 8** and **Section 9(a) through (d)** of this Agreement by injunction, specific performance and/or other equitable relief without prejudice to any other rights and remedies that such party may have.

(d) Nothing in this Agreement shall relieve any party of any of its obligations under any separate non-disclosure agreement between the parties, including any obligation with respect to procedures for handling customer data or other similarly sensitive information.

(e) Notwithstanding anything to the contrary contained in this Agreement, Contractor agrees to comply with the Intuit Privacy Policy attached as **Exhibit E** and the Intuit Security Requirements attached as **Exhibit F**.

10. Representations and Warranties.

(a) Each party to this Agreement represents and warrants that: (i) it is a corporation duly incorporated, validly existing and in good standing; (ii) it has all requisite right, corporate power and authority to execute, deliver and perform its obligations hereunder; (iii) it is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it except when the failure to be so licensed, authorized or qualified would not have a material, adverse effect on its ability to fulfill its obligations hereunder; (iv) it shall comply with all laws and regulations applicable to the performance of its obligations hereunder and shall obtain all applicable permits and licenses required of it in connection with its obligations hereunder; and (v) it is not a party to any agreement with or committed in any other manner to, a third party, the performance of which is reasonably likely to affect adversely its ability or the ability of the other party to perform fully its respective obligations hereunder.

(b) Contractor represents and warrants that any and all Services rendered under this Agreement shall be performed by Contractor, including its employees or its subcontractors, in a workmanlike fashion and in accordance with the standards of competence within Contractor's industry. Each party shall be liable for the performance of its employees who will perform services hereunder and agrees that those employees shall be bound by the terms of this Agreement. In the event Contractor

desires to use any subcontractor to provide Services to Intuit, Contractor shall obtain Intuit's prior written approval as to the identity of such subcontractor and as to the estimated scope and duration of the Services to be provided by such subcontractor, provided, however, that Intuit uses reasonable, good faith and expedited efforts in issuing such approval, that Intuit conducts meaningful consultation with Contractor prior to any decision of non-approval and provides to Contractor its good faith basis for any such non-approval, and, provided further, however, that notwithstanding the foregoing in this sentence, Intuit hereby approves Contractor's use of BeMusic, Inc. as a subcontractor hereunder. Each party shall also be liable for any subcontractor it hires to perform hereunder or in connection herewith, and covenants that such subcontractors shall, prior to performance, agree in writing to be bound by the terms of this Agreement. Any delegation of either party's duties to any subcontractor shall not relieve such party of its obligations under this Agreement.

(c) EXCEPT FOR THE EXPRESS WARRANTIES MADE OR REFERENCED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT, AND EACH PARTY HEREBY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE.

11. Indemnification.

(a) Contractor agrees to defend, indemnify and hold Intuit and its affiliates, and all of their respective officers, directors, agents and employees, harmless from and against any and all claims, including liabilities, losses, damages, actions, judgments, costs, and expenses and reasonable attorneys' fees (collectively "Claims"), asserted by a third party arising out of or related to, and incurred by such indemnitee in connection with: (i) any infringement or misappropriation of any patent, invention, trade secret, copyright, trademark, proprietary information nondisclosure or other proprietary rights alleged to have occurred because of Services, systems, software or other resources provided to Intuit by Contractor hereunder ("Contractor Provided Systems") or based upon their use by Intuit as permitted hereunder, other than claims based upon or arising out of any combination, operation or use of Contractor Provided Systems with systems, software or other resources not provided by Contractor if combined, operated or used in a manner other than that to which the parties have agreed; (ii) the damage to or loss or destruction of any real or tangible personal property in the possession or under the control of Contractor, except to the extent proximately caused by Intuit or its agents or employees; (iii) Contractor's negligent acts, omissions and/or willful misconduct in supplying the Services under this Agreement; or (iv) the death or bodily injury of any agent, employee, subcontractor, customer, business invitee or business visitor of Contractor, except to the extent proximately caused by Intuit or its agents or employees. Notwithstanding the foregoing, Contractor shall have no duty to indemnify Intuit for Claims to the extent arising from the Intuit Materials or any Intuit resources, or any Intuit products, whether provided, distributed or otherwise used or handled by Intuit or by Contractor on behalf of Intuit.

(b) Intuit agrees to defend, indemnify and hold Contractor and its affiliates, and all of their respective officers, directors, agents and employees, harmless from and against any and all Claims asserted by a third party arising out of or related to, and incurred by such indemnitee in connection with: (i) any infringement or misappropriation of any patent, invention, trade secret, copyright, trademark, proprietary information nondisclosure or other proprietary rights resulting from the use of any Intuit Materials or Intuit resources by Contractor in the performance of the Services or provision of any deliverables, other than claims based upon or arising out of any combination, operation or use of any Intuit Materials or Intuit resources with systems, software or other resources not provided by Intuit if combined, operated or used in a manner other than that to which the parties have agreed; (ii) the damage to or loss or destruction of any real or tangible personal property in the possession or under the control of Intuit, except to the extent proximately caused by Contractor or its agents or employees; (iii) the death or bodily injury of any agent, employee, subcontractor, customer, business invitee or business visitor of Intuit, except to the extent proximately caused by Contractor or its agents or employees; or (iv) the negligent acts, omissions and/or willful misconduct of Intuit in using the Services provided by Contractor, or in supplying the Intuit Materials or any Intuit resources, under this Agreement. Notwithstanding the foregoing, Intuit shall have no duty to indemnify Contractor for Claims to the extent arising from the Contractor Materials or Contractor Provided Systems, whether provided, distributed or otherwise used or handled by Intuit or by Contractor on behalf of Intuit.

(c) The party seeking indemnification under **Section 11(a)** or **11(b)**, as the case may be (the "Indemnified Party"), will give prompt written notice to the other party (the "Indemnifying Party"). (The failure by an Indemnified Party to give notice as provided, above, shall not relieve the Indemnifying Party of its obligations under this **Section 11(c)**, except to the extent that the failure results in the failure of actual notice and the Indemnifying Party is damaged as a result of the failure to give notice.) In addition, the Indemnified Party will allow the Indemnifying Party to direct the defense and settlement of any such claim, with counsel of the Indemnifying Party's choosing, and will provide the Indemnifying Party, at the Indemnifying Party's expense, with information and assistance that is reasonably necessary for the defense and settlement of the claim. The Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) any such action, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless: (i) the employment of counsel by the Indemnified Party has been authorized by the Indemnifying Party; (ii) the Indemnified Party has been advised by its counsel in writing that there is a conflict of interest between the Indemnifying Party and the Indemnified Party in the conduct of the defense of the action (in which case the Indemnifying Party shall not have the right to direct the defense of the action on behalf of the Indemnified Party); or (iii) the Indemnifying Party has not in fact employed counsel to assume the defense of the action within a reasonable time following receipt of the notice given pursuant to this **Section 11(c)**, in each of which cases the fees and expenses of such counsel shall be at the expense of the Indemnifying Party. An Indemnifying Party shall not be liable for any settlement of an action effected without its written consent (which consent shall not be unreasonably withheld) or delayed, nor shall an Indemnifying Party settle any such action that affects the Indemnified Party's rights or interests without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). No Indemnifying Party will consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnified Party a release from all liability with respect to the claim.

12. Insurance. Contractor will, at Contractor's expense, maintain its current insurance policies that cover Contractor's activities under this Agreement and the activities of Contractor's employees, agents and representatives. Contractor will name Intuit as an additional insured on such policy. Contractor shall provide Intuit with a certificate of insurance evidencing such coverage. In addition, Contractor will provide Intuit with written notice of any cancellation or reduction in coverage or limits.

13. Limitation of Liability. EXCEPT FOR ANY FEES DUE AND OWING TO CONTRACTOR, A BREACH OF CONFIDENTIALITY OR IN CONNECTION WITH A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER **SECTION 11**, ABOVE, IN NO EVENT WILL (i) EITHER PARTY BE LIABLE TO

THE OTHER FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, OR (ii) THE LIABILITY OF EITHER PARTY TO THE OTHER PARTY FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, EXCEED THE GREATER OF (i) FIVE MILLION DOLLARS (\$5,000,000) OR (ii) THE AMOUNTS PAID (OR IN THE CASE OF INTUIT, PAID AND DUE AND PAYABLE) BY INTUIT TO CONTRACTOR HEREUNDER DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE CLAIM.

14. General.

(a) Publicity and Advertising. Notwithstanding any other provision of this Agreement, neither party may issue press releases or endorsements or other public announcements or statements which reference the other party or include statements attributable to the other party without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed, and in the case of Intuit, such consent must include the written approval of Intuit's Corporate Communications and Procurement Departments, and in the case of each party such consent must include the written approval of its legal counsel. No press release or endorsement which references the other party or includes a statement by the other party shall be made except as provided above.

(b) Assignment. Neither party may assign this Agreement, in whole or in part, without the other party's prior written consent, which consent shall not be unreasonably withheld or delayed. Any attempt by either party to assign this Agreement other than as permitted herein will be null and void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of both parties, their successors and permitted assigns.

(c) Dispute Resolution. Each party agrees to submit in writing to the other party any dispute arising out of or relating to this Agreement or any Statement of Work hereunder to upper-level executive representatives designated by each party, and who will meet by conference or otherwise in an effort to resolve such dispute, within five (5) days. If after the second day, such dispute cannot be resolved, then each party's respective Vice-President, or substantial equivalent, shall attempt to resolve the dispute. In the event that the Vice Presidents are unable to resolve any such dispute within twenty (20) days, the parties shall mutually determine a date and location for a meeting between the senior management of each Party. Notwithstanding the foregoing, the parties agree, unless otherwise agreed in writing, (i) to try to resolve any such dispute within thirty (30) days after the commencement of any such dispute and (ii) to continue performance of their additional obligations hereunder that are not the subject of dispute during such period, provided however, that in the case of Contractor, Intuit has paid or promptly pays for any and all fees due for or in connection with such continued performance of such undisputed obligations. Either party may bring an action in any court of competent jurisdiction if, at the expiration of such thirty (30) day period, the parties remain unable to resolve such dispute.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflicts of laws principles. If Intuit commences any claim hereunder, the parties hereby consent to the exclusive jurisdiction and venue in the state and federal courts in New York County, New York, and if Contractor commences any claim hereunder, the parties hereby consent to the exclusive jurisdiction and venue in the state and federal courts in Santa Clara County, California.

(e) Notice. Unless otherwise stated, all notices required under this Agreement shall be in writing and shall be considered given (i) when delivered personally; (ii) five (5) days after mailing, when sent certified mail, return receipt requested and postage prepaid; (iii) one (1) business day after dispatch, when sent via a commercial overnight carrier, fees prepaid; or (iv) upon delivery when sent by facsimile transmission confirmed by telephone and followed by notice sent in accordance with clause (i), (ii) or (iii) above. All communications will be addressed as follows (unless changed by notice):

To Contractor:

Attn: President
Address: Arvato Services, Inc.
28210 N. Avenue Stanford
Valencia, CA 91355
Phone: (661) 257-0584
Fax: (661) 257-1986

with a copy to:

Attn: Legal Affairs Department
Address: Bertelsmann, Inc.
1540 Broadway
New York, NY 10036-4094
Phone: (212) 782-1000
Fax: (212) 782-1042

To Intuit:

Attn: Tom Harrington, Vendor Manager
Address: Intuit Inc.
2650 Casey Avenue
Mountain View, CA 94043
Phone: (650) 944-5624
Fax: (650) 944-3511

with a copy to:

Intuit Inc.
2700 Coast Avenue
Mountain View, California 94043
Attn: General Counsel, Legal Dept.
Phone: (650) 944-6000
Fax: (650) 944-6622

(f) Force Majeure. Except with respect to delays or failures to the extent caused by the negligent act or omission of either party, any delay in or failure of performance by either party under this Agreement will not be considered a breach of this Agreement and will be excused to the extent caused by any occurrence beyond the reasonable control of such party including, but not limited to, acts of God, terrorism, labor strikes (in which case, Contractor shall use commercially reasonable efforts to assist Intuit in finding a workaround), power outages, failures of the Internet, provided that the party affected by such event shall begin or resume performance as soon as practicable after the event has abated. In the event that the non-performing party is not able to resume performance within three (3) months after the *force majeure* event has commenced, the other party shall have the right to terminate this Agreement and/or the applicable Statement(s) of Work immediately upon written notice to the other party, provided however, that at such time the non-performing party's performance is precluded by such *force majeure* event.

(g) Severability. If any provision of this Agreement is found illegal or unenforceable, such provision will be deemed restated, in accordance with applicable law, to reflect as nearly as possible the original intention of the parties, and the remainder of the Agreement will continue in full force and effect.

(h) Entire Agreement. This Agreement, together with the Exhibits attached hereto, and all Statements of Work, is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties.

(i) No Third Party Beneficiaries. This Agreement is intended for the sole and exclusive benefit of the signatories and is not intended to benefit any third party. Only the parties to this Agreement may enforce it.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which shall constitute one agreement.

(k) Headings. The headings in this Agreement are for convenience of reference only and have no legal effect.

(l) Party's Rights Cumulative. Unless otherwise specified herein or in a Statement of Work, the rights and remedies of each party under this Agreement are cumulative and not exclusive of any rights or remedies to which a party is entitled by law or at equity. The exercise by either party of any right or remedy under this Agreement or under applicable law will not preclude such party from exercising any other right or remedy under this Agreement or to which it is entitled by law or equity.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as of the date of the later signature below.

CONTRACTOR

By: /s/ Schmitz

Name: Schmitz

Title: President

Date: 5/28/03

INTUIT INC.

By: /s/ K. R. Mudge

Name: K. R. Mudge

Title: VP Supply Chain

Date: 5/28/03

Independent Contractor Details:

Name of Contractor (Company): BeMusic, Inc.

Contractor's Mailing Address: 110 Hidden Lake Circle
Duncan, S.C. 29334

Contractor's Telephone Number: (864) 433-5101

Contractor's Facsimile Number: (864) 433-5170

Form and Ownership of Contractor's Business: (check all that apply)

Form of Entity Questions:

- Corporation (state of incorporation: Pennsylvania)
- Partnership
- Individual/Sole Proprietor
- U.S. Government Agency
- Other — please specify:

Minority/Small/Women Ownership Questions:

- Minority Owned: Specify:
- Women-Owned
- Small Business

Tax ID Information:

Please provide Federal Tax ID Number: 23-2813867

Or, if applicable, Social Security Number (SSN):

STATEMENT OF WORK NO. _____

This Statement of Work No. _____ is entered into between Intuit Inc., and its Enterprise Members ("Intuit") and _____ ("Contractor") as further identified below as of the date of the later signature below. Except as otherwise provided below, this Statement of Work shall be governed by the terms and conditions of the Master Technology Services Agreement entered into by the parties on _____, 200____ (the "Agreement"). Capitalized terms not defined herein shall have the same meanings set forth in the Agreement.

1. Contact Information:

	"Intuit"	"Contractor"
Contact Name:	_____	_____
Address:	_____	_____
Telephone No.:	_____	_____

2. Term: The Services to be rendered under this Statement of Work shall commence on _____ and shall be completed no later than _____.

3. Location of performance of the Services:

4. Project Scope and Detailed Description of the "Services":

5. Timetable for Transition Phase and Services:

6. Payment Terms: The following payment terms apply to this Statement of Work (check those that are applicable and list the rates and charges):

- a. Hourly bill rate (Time and Materials): _____ Hourly Bill Rate: _____
- b. Fixed Price: _____ Total Project Cost: _____
- c. Completion of Services by Milestones: _____ List all milestones and the cost for each milestone.
- d. Other: _____ Describe.

Total amount payable for Services under this Statement of Work: \$ _____

7. Project Managers and Responsibilities:

8. Intuit Responsibilities/Intuit resources:

9. Assumptions:

10. Additional Terms and Conditions.

- a. Service level agreements:
- b. Reporting requirements:
- c. Scope of Services For Enterprise Members:

Intuit Inc.:

Name: _____

Title: _____

Date: _____

Contractor:

Name: _____

Title: _____

Date: _____

RULES OF CONDUCT FOR ONSITE SERVICE PROVIDERS

These rules shall apply to all Independent Contractors, Consultants, Service Companies, and other Vendors that provide services on Intuit's sites. All parties including their respective employees and/or agents shall hereafter be referred to as "Contractor" regardless of actual title. It is Contractor's responsibility to thoroughly orient and instruct its employees and agents as to the contents of this policy. These regulations are intended to cover standard situations under the applicable Agreement or purchase order. As the scope of work becomes more clearly defined and as non-standard conditions arise, Contractor shall contact Intuit for clarifications and/or exceptions.

1. **Responsibilities:** Contractor shall:

- a. Conform to all local, state, and federal safety requirements, particularly those requirements in OSHA and the Code of Federal Regulations applicable to the services performed by Contractor.
- b. Establish its own appropriate safety, health, and work procedures for the services being performed.
- c. Properly instruct all employees and agents in the execution of their job duties. Enforce its own safety rules, with Intuit's rules governing, in the event of a conflict with such rules. Provide positive proof of liability and workers' compensation insurance to the appropriate group at Intuit as indicated in the terms and conditions of the Agreement.

2. **Procedure:** Access

- a. Contractor shall provide Intuit with the names of its employees and agents who will be working at Intuit's site. All employees or agents shall sign in at the reception desk.
- b. While working, Contractor must stay in the area where the job at hand is being performed. In no case shall Contractor tamper with or handle any equipment, which does not pertain to the particular job.
- c. All drivers of Contractor-related vehicles must observe the posted traffic regulations while on the property where Intuit's site is located.
- d. Neither the Landlord of the property where Intuit's site is located nor Intuit is responsible for damage to Contractor's vehicles, regardless of cause. Intuit will, however, make all reasonable attempts to prevent damage to such vehicles from occurring.
- e. The following primary background checks will be required for all of Contractor's employees needing a badge or electronic access to Intuit:

i. Criminal Conviction History

Misdemeanor and felony convictions based on 7 years of residence history. Maiden, alias, and other names will be checked. International criminal history (unless unlawful, or unavailable).

ii. Social Security Number Address History

Address information used to determine criminal conviction history checks. International equivalent (unless unlawful, unavailable or not applicable).

3. **Safety Rules**

- a. Contractor must properly dispose of its debris, trash and waste such as lunch scraps and drinking cups.
- b. Contractor is responsible for ensuring that when not in use, its tools, materials, and equipment are stored neatly, securely, and safely. Intuit is not responsible for the theft or damage to such equipment, although it will do everything possible to prevent such loss from occurring.
- c. Contractor agrees that it will not store its material, tools, and equipment so as to obstruct aisles, stairs, halls, roads, entrances, or exits. At no time shall Contractor's tools, materials, or equipment obstruct the passageways to fire extinguishers or any safety equipment.
- d. Contractor shall provide its employees and agents with approved safety equipment or eye protection, if required in the execution of the work.

4. **Other Rules**

4.1 **Weapons:** Weapons may not be brought onto the property (including the parking lot) either on a person or in a vehicle.

4.2 **Personal Conduct:** The same type of rules of personal conduct governing Intuit's employees shall also govern Contractor's employees.

- a. No person under the influence of intoxicants, narcotics or any other mind-altering substance will be allowed on the property, nor shall any person have in his or her possession any intoxicants, narcotics or mind-altering substances.
- b. Unprofessional conduct such as horseplay, wrestling, fighting, gambling, fighting, threatening, etc., will not be permitted.
- c. Intuit strictly prohibits sexual harassment or any other type of harassment of any kind, including harassment on the basis of sex, race, color, religion, gender, age, mental or physical disability, medical condition, national origin, marital status, veteran status, sexual orientation, or other characteristic protected under federal or state law or local ordinance. Contractor shall not harass any other person by verbal, physical, visual means or in any manner.

4.3 **Cameras:** Contractor may not bring cameras onto the jobsite for the purpose of taking pictures unless authorized by the authorized representative of Intuit.

4.4 **Smoking:** For reasons of safety, legal compliance, and other concerns, smoking is prohibited inside Intuit buildings. Smoking is permitted outside of buildings in designated smoking areas approved by site management.

CERTIFICATE OF ACCEPTANCE

This Acceptance Certificate is to certify that on the ___day of ___200___, the Services, and/or any and all deliverables required for Statement of Work No. ___have been accepted by Intuit as having met the specifications set forth in such Statement of Work.

Signed By

Printed Name

Title

Company Name

Intuit Service Provider Privacy Exhibit

1. INTRODUCTION

- 1.1. This Intuit Privacy Exhibit (“Exhibit”) governs the manner in which specified customer-related information may be collected, used, or disclosed by Service Provider to the extent related to Services specified in an applicable Statement of Work. Intuit may impose different or additional restrictions in connection with any Intuit business conducted outside of the United States.

2. DEFINITIONS

- 2.1. “Affiliate Companies” shall mean any companies controlling, being controlled by, or under common control with another company.
- 2.2. “Intuit” shall mean Intuit Inc. and its Affiliate Companies.
- 2.3. “Intuit Customer Data” shall mean any data — whether Personally Identifiable Information or aggregate or anonymous information — either disclosed by Intuit to Service Provider, or to which Service Provider has otherwise obtained access by virtue of its relationship with Intuit. Such Data shall include information pertaining to both customers and prospective customers of Intuit.
- 2.4. “Intuit Suppression” shall mean the process of matching or merging marketing lists with all relevant Intuit Do Not Contact lists, including, as applicable, “Do Not Mail,” “Do Not E-mail,” and “Do Not Call” lists, for purposes of purging from such marketing lists or otherwise suppressing Intuit Customer Data of those included on such Do Not Contact lists.
- 2.5. “Opt-out” shall mean the opportunity afforded to Consumers to decline to have their Intuit Customer Data used for purposes other than as necessary to provide the product or service for which the Intuit Customer Data is collected.
- 2.6. “Service Provider” shall mean the party entering into an agreement with Intuit, into which this Exhibit has been incorporated by reference.
- 2.7. “Personally Identifiable Information” (“PII”) shall mean any information (i) that identifies or can be used to identify, contact, or locate the person to whom such information pertains, or (ii) from which identification or contact information of an individual person can be derived. PII includes, but is not limited to: name, address, phone number, fax number, email address, financial profiles, medical profile, social security number, and credit card information. Additionally, to the extent unique information, not itself PII, such as, but not necessarily limited to, a personal profile, unique identifier, biometric information, and/or IP address is associated with PII, then such unique information will also be considered PII.

3. SERVICE PROVIDER RESPONSIBILITIES – GENERAL

- 3.1. Service Provider shall comply with this Exhibit and all applicable laws, rules and regulations relating to the collection or use of Intuit Customer Data, and agrees to impose and enforce compliance of this Exhibit on all third party service providers with access to Intuit Customer Data.
- 3.2. Service Provider shall ensure that only those employees or authorized agents who are trained in the proper handling of Intuit Customer Data and who are subject to an obligation to maintain the confidentiality of such information shall have access to Intuit Customer Data.
- 3.3. Service Provider shall under no circumstances collect, access, use, reproduce or disclose Intuit Customer Data other than as either specifically authorized by, or clearly necessary in order to perform services pursuant to, the agreement this Exhibit is incorporated into. Specifically, Service Provider shall not use Intuit Customer Data on its own behalf. Should Service Provider become legally obligated to disclose Intuit Customer Data other than as permitted by this Exhibit, it shall, unless legally prohibited from doing so, first provide notice to Intuit. Notwithstanding the foregoing, Service Provider may use aggregate or anonymous information for its own internal business processes (e.g., to track order flows and customer habits for future service requirements) in Service Provider’s sole discretion.
- 3.4. The constraints imposed by this Exhibit on the collection, use or disclosure of Intuit Customer Data shall specifically apply to Social Security numbers.
- 3.5. Service Provider shall, as directed, perform an Intuit Suppression prior to engaging in any marketing activities (e.g., e-mail, telemarketing or direct mail marketing) on behalf of Intuit. In addition, Service Provider shall comply with the rules of the Direct Marketing Association’s Mail Preference Service and Telephone Preference Service in connection with all such marketing activities. Such obligations shall be in addition to performing any other legally required suppressions, including legally-mandated Do Not Mail or Do Not Call procedures. Service Provider shall employ measures as directed by Intuit to ensure that Opt-out requests received in connection with such marketing activities are provided to Intuit in a form permitting Intuit to incorporate them into suppression files or other databases. Suppression lists or files provided to Service Provider by Intuit shall be used solely for purposes of performing an Intuit Suppression and shall be returned or destroyed when no longer needed for such authorized purposes.
- 3.6. Service Providers conducting telemarketing on Intuit’s behalf shall comply with Intuit’s Do-Not-Call Policy, as follows:

This written policy for maintaining a Do-Not-Call list of individuals who do not wish to receive telephone solicitations made by Intuit Inc. or on behalf of Intuit Inc. (by its service providers) is available upon request.

Do-Not-Call Policy

Intuit maintains a **Do-Not-Call** list of individuals, including their telephone numbers, who have requested not to receive telephone solicitations from Intuit.

Intuit's **Do-Not-Call** list applies to Intuit and all its subsidiaries.

Neither Intuit nor its service providers shall make telephone solicitations to the homes of individuals on Intuit's **Do-Not-Call** list.

If an individual states that he or she does not want to receive telephone solicitation calls, the individual's name and telephone number must be added to Intuit's **Do-Not-Call** list.

Intuit must keep a record of an individual's **Do-Not-Call** request for ten (10) years from the time the customer makes the request.

- 3.7 Service Provider shall maintain such records as are necessary to demonstrate its compliance with this Exhibit and shall permit Intuit, or a third party chosen by Intuit and reasonably acceptable to Service Provider, to audit Service Provider's records and practices relating to its obligations under this Exhibit upon reasonable notice and during regular business hours, and at Intuit's expense, at the locations where such records and data are maintained, for purposes of verifying Service Provider's compliance. Intuit shall be provided with a description of all data flows and use of data upon request, and all such data flows and use of data are subject to approval by Intuit in accordance with this Exhibit and any applicable Statement of Work.
- 3.8 Service Provider shall immediately report to Intuit any failure to treat or protect — including specifically any unauthorized use or disclosure of — Intuit Customer Data as set forth in this Exhibit or the agreement it is incorporated into, including any related complaints about Service Provider's information and collection practices, and to consult with Intuit as to correction thereof.
- 3.9 Service Provider shall provide Intuit with a contact name and contact information for communications related to this Exhibit, including compliance with or any breaches thereof.
- 3.10 Intuit may amend this Exhibit from time to time as may be required by law, provided however, that any such amendment that results in any modification of the Services as performed by Contractor shall be addressed by the parties in accordance with the change control procedures in **Section 2(f)** and as may be set forth in an applicable Statement of Work, and Intuit shall reimburse Contractor for any costs incurred by Contractor in connection with such amendment, and further provided however, that if Contractor is not willing or able to change practices in accordance with such amendments, Contractor shall be given ninety (90) days to terminate any applicable Statement of Work.

Last Revised July 4, 2002.

INTUIT SECURITY REQUIREMENTS

Definitions

For the purposes of this Exhibit, the following definitions shall apply.

Confidential Information: Information (i) which is proprietary to a specific person or company; (ii) the continued confidential treatment of which gives the specified person or company some competitive business advantage or the opportunity of obtaining such advantage, or the disclosure of which could be detrimental to the interests of the specified person or company; (iii) is designated as Confidential Information by the specified person or company, or from all the relevant circumstances should reasonably be assumed by the receiving party to be confidential and proprietary to the specified person or company.

The following subcategories of Confidential Information are also defined:

Secret Information: Information that is used to protect other Confidential Information. Generally, Secret Information is not disclosed to outside parties under any circumstances.

Sensitive Information: Any information that could be misused in such a way as to jeopardize the financial or legal position of its owner, or of the person or company described by the information.

Restricted Information: Information that is not Secret or Sensitive, but whose permissible use has been restricted by its owner.

Confidential Information includes, but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing or designated as Confidential):

- a. **Personally-Identifiable Information.** Information that identifies or can be used to identify, contact, or locate the person to whom such information pertains. It includes, without limitation, the following information:

Secret Information: Customer passwords, private encryption keys, and private signature keys.

Sensitive Information: Customer account numbers, Social Security numbers, taxpayer identification numbers, account balances, account activity, financial information, medical records, legal records, and records of customer services and other data relating to the products and services offered, received, or purchased by customers of Intuit or the Contractor.

Restricted Information: Customer names, customer street or e-mail addresses, customer telephone numbers.

- b. **Confidential Corporate Information,** consisting of any of the following:

Secret Information: Computer account IDs, passwords for computer or database systems, private encryption keys, SSL keys, computer source code relating to encryption/decryption, special access privileges, known security vulnerabilities, the results of security audits and reviews, and any information explicitly designated Secret by Intuit or by Contractor.

Sensitive Information: Any of the following:

- (i) **Work Products:** Work product resulting from or related to work or projects performed or to be performed for Intuit or the Contractor, or for customers of Intuit or the Contractor (including all media on which such information is contained);
- (ii) **Business Operations:** Internal Intuit or Contractor personnel and financial information, names and other information about Service Providers (including without limitation Service Provider characteristics, services and agreements), purchasing and internal cost information, internal services and operational manuals, and the manner and methods of conducting Intuit's or the Contractor's business;
- (iii) **Marketing and Development Operations:** Marketing and development information regarding Intuit's or the Contractor's operations (including without limitation marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies of Intuit or the Contractor which have been or are being discussed);
- (iv) **Other Proprietary Data:** Information relating to Intuit's or the Contractor's proprietary business information (including without limitation information pertaining to business transactions and financial performance) or proprietary rights prior to any public disclosure thereof, and information regarding acquiring, protecting, enforcing and licensing proprietary rights (including without limitation patents, copyrights and trade secrets).
- (v) **Designated Information:** Notwithstanding the above, any information explicitly designated as Sensitive by Intuit or by Contractor.

Restricted Information: Aggregated or anonymous customer information (any customer information other than Personally Identifiable Customer Information), contractual information or obligations not designated as Sensitive, and any information explicitly designated as Restricted by Intuit or by Contractor.

A. Controlling Access to Confidential Information

1. Access to Confidential Information stored on Contractor's systems must not be granted to members of Contractor's staff, subcontractors, or other agents, unless the following conditions are met:
 - a) The staff member, subcontractor, or other agent requesting the access can be uniquely identified (*e.g.*, by a unique User ID), with the exception of "root" password access provided by the Contractor to its core system administration team;
 - b) The staff member, subcontractor, or other agent requesting the access has entered a correct password or other authorizing token to indicate that he/she is the authorized user of this account. If passwords are the only method used for authentication, they must satisfy certain minimal standards mutually agreeable to Intuit and Contractor (*e.g.*, 8 characters minimum length, required use of special- and/or mixed-case characters, no words that could be found in a dictionary, and required to be changed every 90 days) that make them sufficiently robust to effectively resist both educated guessing and brute-force attacks.
 - c) In all cases, access permissions must be established in a manner that allows only for the minimum access level(s) required for each staff member, subcontractor, or other agent to perform his or her job function. The ability to read, write, modify or

delete Confidential Information must be limited to those individuals who are specifically authorized to perform those data maintenance functions.

d) The date, time, requestor, and nature of the access (*i.e.*, read-only or modify) has been recorded in a log file.

2. Confidential Information stored on Contractor's systems must be stored behind firewalls with access to such data limited as described in the preceding requirement.
3. Secret Information must never be stored in clear text on Contractor's systems. At a minimum, financial services industry-standard encryption techniques must be employed to safeguard Secret Information in Contractor's systems from retrieval by unauthorized persons. Contractor should strive to adopt best industry practices where appropriate. Whenever possible, message digest algorithms such as SHA-1 or MD5 should be used to hash and verify the user's password, and "salt" should be added to the input string prior to encoding to ensure that the same password text chosen by different users will yield different encodings.
4. Passwords used to control Contractor's staff, subcontractors, or other agents' access to Confidential Information must at a minimum conform to the password policies described in paragraph A.1.b above. Passwords used by Contractor's Customers are *not* required to conform to these policies; however, Contractor must ensure that Customers do not have access to Confidential Information other than that which pertains to them.
5. Procedures must be in place to modify or revoke access permissions to Confidential Information when staff members leave the Contractor or when their job responsibilities change.
6. Printed material that contains Confidential Information must be stored in secured areas to which access is limited to those staff members who have a business need to access it. It must also be disposed of in a secure manner. At a minimum, financial services industry-standard protections must be employed to ensure the secure storage and destruction of Secret and Sensitive Information. Whenever possible, secure disposal alternatives such as on-site shredding prior to recycling or placement in publicly-accessible trash bins with subsequent off-site shredding by a licensed contractor should be implemented.

B. *Transmitting Confidential Information*

1. Unless restricted by law, Contractor must not electronically transmit Secret or Sensitive Information over publicly-accessible networks without using 128-bit SSL or another mechanism that affords similar or greater security and confidentiality. If legal restrictions limit the use of 128-bit SSL encryption technology, Contractor must use the strongest encryption technology permitted.
2. Confidential Information must never be passed in a URL (*e.g.*, using a **Get** method) in a manner that potentially exposes the information to third parties and causes such information to appear in log files.

C. *Maintaining a Secure Environment*

1. To protect the accuracy and integrity of Confidential Information, all such data must be backed up regularly (no less often than weekly), and the backups stored in secure, environmentally-controlled, limited-access facilities.
2. Contractor must promptly install any security-related fixes identified by its hardware or software vendors, if the security threat being addressed by the fix is one that threatens the privacy or integrity of any Confidential Information covered by this Agreement. Such upgrades must be made as soon as they can safely be installed and integrated into Contractor's existing architecture and systems.
3. Intuit may, from time to time, advise Contractor of recent security threats that have come to its attention, and require Contractor to implement specific modifications to its software, policies, or procedures that may be necessary to counter these threats at Intuit's cost. Contractor must implement these modifications within a mutually-agreeable time, or must obtain written permission from Intuit to take some other course of action to ensure that the privacy and integrity of any Confidential Information is preserved.
4. Contractor must immediately notify Intuit if it knows or suspects that Confidential Information has been compromised or disclosed to unauthorized persons, or if there has been any meaningful or substantial deviation from the requirements contained in the Agreement or this Exhibit. See Section F for contact information.
5. Notwithstanding the minimum standards set forth in this Exhibit, Contractor should monitor and periodically incorporate reasonable industry-standard security safeguards.

D. *Electronic Mail*

1. Contractor shall not send any Secret or Sensitive Information in an e-mail message over publicly-accessible networks unless the e-mail is encrypted using a previously-approved encryption mechanism or is otherwise made secure with an approach that has been mutually agreed upon in advance by Intuit and Contractor.
2. Contractor and its subcontractors and agents must not reveal the Personally-Identifiable Information of one customer to any other customer or other third party, in any e-mail or other communication, except as permitted in writing by the affected person, as deemed appropriate in light of the interests of the affected person, or as otherwise required by law.

E. *Reviews, Audits, and Remedies*

1. Contractor agrees that Intuit shall have a right to verify Contractor's compliance with this Exhibit. Upon 14 days' prior written notice to Contractor, Intuit (or its agent) may enter Contractor's premises and inspect such of Contractor's books, records, facilities and computer systems as Intuit and Contractor shall mutually agree is necessary to ensure that Contractor complies with the terms, covenants and conditions of this Exhibit. Intuit or its agent shall comply with Contractor's standard policies and procedures that apply to third party companies that have access to Contractor's premises, and Intuit or its agent shall access Contractor's premises during normal business hours (Monday through Friday, 8:00 AM to 5:00 PM). Notwithstanding the foregoing, if Intuit in good faith believes that an imminent threat to security exists that could affect Confidential Information, the 14 day notice shall not apply and Contractor must provide Intuit or its agent access to its premises immediately upon request by Intuit subject to the terms of this paragraph.
2. Intuit may inspect or employ third parties to conduct studies of Contractor's operational processes, systems and computer network security to determine Contractor's compliance with this Exhibit. Intuit agrees to coordinate the scheduling of any such study with Contractor to minimize disruption to Contractor's business. Contractor agrees to cooperate with Intuit to commence such a study within thirty (30) days from Contractor's receipt of written notice of Intuit's intent to conduct, or to employ a third party to conduct, such a study. At Contractor's request, Intuit will require any third party it employs to conduct such a study to sign Contractor's standard nondisclosure agreement pursuant to which it agrees not to disclose any Confidential Information. Intuit will make the

results of any such study available to Contractor and, depending on the seriousness of any problems found, may require Contractor to remedy any and all such deficiencies in a timely fashion. Costs of such audits shall be borne by Intuit, unless Contractor is deemed, as a result of such an audit, to be in material nonconformity with the Agreement or this Exhibit.

3. Notwithstanding any time-to-cure provision in this Agreement to the contrary, it shall be completely within Intuit's discretion to require correction of any demonstrated security-related problem within a shorter period of time. Intuit shall provide written notice of the problem to Contractor, and Contractor must immediately take appropriate steps to correct the problem. If Contractor fails to correct any demonstrated security problem within a commercially-reasonable time, factoring in the work that must be completed to address the problem, and resulting in the material disclosure or threatened disclosure of Intuit's Confidential Information, Intuit may instruct Contractor to take such interim measures as are reasonably necessary to protect Intuit's Confidential Information. If Contractor fails or refuses to take those interim and/or permanent measures which are necessary to prevent the material disclosure of Intuit's Confidential Information within a commercially-reasonable time, Intuit may terminate any and all affected agreements between Intuit and Contractor for cause.

F. *Compliance with U.S. Laws and Regulations*

Contractor shall comply with all applicable federal, state, and local laws and regulations.

G. *Changes to Requirements*

Intuit may, in its sole discretion, amend these requirements from time to time, as required by law, provided however, that any such amendment that results in any modification of the Services as performed by Contractor shall be addressed by the parties in accordance with the change control procedures in **Section 2(f)** and as may be set forth in an applicable Statement of Work, and Intuit shall reimburse Contractor for any costs incurred by Contractor in connection with such amendment, and further provided however, that if Contractor is not willing or able to change practices in accordance with such amendments, Contractor shall be given ninety (90) days to terminate any applicable Statement of Work.

H. *Contact Information*

The primary business contact person for each party under this Agreement shall designate a primary and an alternate single point of contact for security issues for such party (a "Security SPOC") and provide mail, email, telephone, home telephone, and pager or portable telephone contact information for such persons. Both parties agree that either the primary or alternate Security SPOC will be available at all times ("24/7/365"). Such designation and information must be given in writing to the other party within ten (10) business days after the effective date of the Agreement. Any updates to the same shall be given promptly in writing to the other party.

REIMBURSABLE EXPENSE GUIDELINES

Intuit will reimburse Contractor for its reasonable actual expenses, in accordance with these Reimbursable Expense Guidelines, provided Intuit has approved such expenses in writing in advance. Contractor shall invoice Intuit for the expenses twice each month and provide Intuit with the expense reports and other documentation necessary to substantiate the statement. Such reimbursable expenses shall not include fixed overhead, salaries and employee benefit costs associated with Contractor's professional employees or agents or wage and employee benefit costs associated with Contractor's other employees or agents for hourly work. The following guidelines set forth the standards to be applied in reimbursing Contractor for the actual cost of expenses incurred in the performance of Services under this Agreement:

1. **Out-of-State Employees or Contractors.** All employees and contractors assigned by Contractor to provide Services under this Agreement shall be located in the state where the Services are to be performed unless Intuit has reviewed the resumes and agreed in writing in advance to the use of out-of-state employees or contractors. Therefore, Intuit will not pay Contractor for out-of-state travel expenses, unless Intuit has approved the use of the out-of-state employees or contractors and the related travel expenses.
2. **Airfare.** If air travel is required, Intuit will reimburse Contractor for coach or economy airfare, provided Intuit authorizes the airfare in advance. Intuit reserves the right to arrange the airfares through its arrangement with American Express Travel Agency. Contractor shall submit the used airline tickets to Intuit for reimbursement.
3. **Ground Transportation.** Intuit will reimburse Contractor for travel from Contractor's principal place of business, provided Intuit has authorized such ground transportation in advance. Contractor shall submit car rental vouchers or receipts, if applicable. Reimbursement shall be provided as follows:
 - a. At the current mileage reimbursement rate set by the Internal Revenue Service for use of the personal automobile of Contractor's personnel from Contractor's principal place of business to Intuit's facility, provided however Intuit will not reimburse Contractor's personnel for local travel to Intuit's facility;
 - b. For reasonable car rental charges from the airport to Intuit's facility and during the assignment;
 - c. For use of public transportation, such as bus or rapid transit or for reasonable taxi usage.
4. **Incidental Transportation Expenses.** Intuit will reimburse Contractor for incidental transportation expenses such as parking fees for travel to and from Contractor's principal place of business and Intuit's facility.
5. **Lodging and Meals.** Intuit will reimburse Contractor for reasonable lodging and meal expenses when Contractor's personnel are assigned to a work location requiring an overnight stay or longer, provided such travel is authorized in advance by Intuit. Contractor shall not be entitled to reimbursement for meals purchased for persons other than Contractor's personnel assigned to the project. Unless otherwise authorized by Intuit, meals shall not exceed US \$50.00 per day.
6. **Telephone.** Intuit will reimburse Contractor for long distance and toll telephone calls placed by Contractor in the performance of Services.
7. **Delivery.** Intuit will reimburse Contractor for messenger services, overnight delivery and other express mail type services when such services are specifically requested by Intuit or are reasonably necessary for Contractor's performance of Services.
8. **Entertainment.** Intuit will not reimburse Contractor for entertainment expenses.

In no event shall the total reimbursable expenses exceed 10% of the total amount paid for a Statement of Work.

LEASE EXPIRATION ADVANCEMENT AGREEMENT

This Lease Expiration Advancement Agreement (the "Agreement") is effective July 31, 2003, by and between Charleston Properties, a California general partnership ("Landlord") and Intuit Inc., a Delaware corporation ("Tenant"), with reference to the following facts and objectives.

R E C I T A L S

WHEREAS, Landlord and Tenant entered into those certain Lease Agreements (the "Prior Lease Agreements") for premises located in the City of Mountain View, County of Santa Clara, more particularly described as follows:

- (1) approximately 42,632 gross square feet located in a building commonly known as 2550 Garcia Avenue, Mountain View, California and known by Landlord as Building 1 known by Tenant as Building 5;
- (2) approximately 42,632 gross square feet located in a building commonly known as 2500 Garcia Avenue, Mountain View, California and known by Landlord as Building 2 known by Tenant as Building 4;
- (3) approximately 43,257 gross square feet located in a building commonly known as 2535 Garcia Avenue, Mountain View, California and known by Landlord as Building 3 known by Tenant as Building 1;
- (4) approximately 42,632 gross square feet located in a building commonly known as 2475 Garcia Avenue, Mountain View, California and known by Landlord as Building 4 known by Tenant as Building 2;
- (5) approximately 42,632 gross square feet located in a building commonly known as 2525 Garcia Avenue, Mountain View, California and known by Landlord as Building 5 known by Tenant as Building 3;
- (6) approximately 41,366 gross square feet located in a building commonly known as 2650 Coast Avenue Mountain View, California and known by Landlord as Building B known by Tenant as Building 8;
- (7) approximately 58,111 gross square feet located in a building commonly known as building 2700 Coast Avenue, Mountain View, California and known by Landlord as Building C known by Tenant as Building 7;
- (8) approximately 43,231 gross square feet located in a building commonly known as 2750 Coast Avenue, Mountain View, California and known by Landlord as Building D known by Tenant as Building 6; and

August 4, 2003-Final

(9) approximately 62,905 gross square feet located in a building commonly known as 2675 Coast Avenue, Mountain View, California and known by Landlord as Building E known by Tenant as Building 11.

WHEREAS, simultaneously with the execution of this Lease Expiration Advancement Agreement, Landlord and Tenant shall be entering into two lease agreements (“New Lease Agreements”) for the Premises (as defined in the New Lease Agreements);

WHEREAS, Landlord and Tenant desire to advance the expiration dates of the Prior Lease Agreements, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties agree as follows.

1. Expiration of Prior Lease Agreements. Notwithstanding any provision of the Prior Lease Agreements to the contrary, Landlord and Tenant agree to advance the expiration dates of the Prior Lease Agreements to the date immediately preceding the Commencement Date set forth and defined in the New Lease Agreements (“Expiration Date”) and any and all rights to extend the expiration date and/or term of the Prior Lease Agreements are hereby terminated.

2. Monetary Obligations. Tenant agrees to pay all monetary obligations which have accrued under the Prior Lease Agreements through and including the Expiration Date. Without limiting the foregoing, Tenant shall pay all Additional Rent (including, without limitation, operating expenses) through and including the Expiration Date pursuant to the terms of the Prior Lease Agreements.

3. Security Deposit. Landlord and Tenant acknowledge that Landlord currently holds \$625,000 as a security deposit under the terms of the Prior Lease Agreements. Landlord shall return any security deposits held by Landlord pursuant to the terms of the Prior Lease Agreements.

4. Ongoing Obligations. Tenant acknowledges that it’s obligations continue through the Expiration Date of the Prior Lease Agreements and, in addition, the Prior Lease Agreements provide for terms and conditions that survive the expiration date of the Prior Lease Agreements including, but not limited to, provisions relating to the condition of the Premises, reconciliation of expenses, etc. Notwithstanding the foregoing, if there are any inconsistencies between the provisions of the Prior Lease Agreements which survive termination and the New Lease Agreements, the terms of the New Lease Agreements shall prevail, except with respect to the reconciliation of Additional Rent and other monetary obligations due under the Prior Lease Agreements which shall be governed by the terms and conditions of the Prior Lease Agreements.

5. Attorney’s Fees. In the event of any litigation regarding the rights and obligations of the parties under this Agreement, the prevailing party shall be entitled to reasonable attorney’s fees and court costs.

6. General Provisions.

A. Time of Essence. Time is of the essence of each provision of this Agreement.

B. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

C. Governing Law/Venue: This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

D. Integrated Agreement; Modification: This instrument contains the entire agreement of the parties and cannot be amended or modified except by a written Agreement, executed by each of the parties hereto.

E. Captions. The captions of this Agreement are for convenience purposes only, and shall have no effect on its construction or interpretation.

F. Singular and Plural; Gender: When required by the context of this Agreement, the singular shall include the plural, and the masculine shall include the feminine.

G. Waiver: No consent or waiver, express or implied, by either party to this Agreement of any breach or default by the other in the performance of any obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default by such party hereunder. Failure on the part of any party hereto to complain of any act or failure to act of the other party or to declare the other party in default hereunder, irrespective of how long such failure continues, shall not constitute a waiver of the rights of such party hereunder.

H. Severability: The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

Balance of Page Intentionally Left Blank, Next Page Is Signature Page

August 4, 2003-Final

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

LANDLORD

Charleston Properties, a California
general partnership

By: /s/ (Illegible) _____

Its: General Partner _____

TENANT

Intuit Inc., a Delaware corporation

By: /s/ Robert B. Henske _____

Its: SR. V.P., Chief Financial Officer _____

By: /s/ Janelle Wolf _____

Its: Assistant Secretary _____

August 4, 2003-Final

LEASE AGREEMENT
[Phase 1-Buildings 1-5]

This Lease Agreement [Phase 1-Buildings 1-5] (the "Lease") is effective July 31, 2003, and is entered into by and between CHARLESTON PROPERTIES, a California General Partnership (hereinafter called "**Landlord**"), and INTUIT INC., a Delaware Corporation (hereinafter called "**Tenant**").

RECITALS

- A. Landlord and Tenant are parties to one or more prior leases for the Premises, as hereinafter defined, ("**Prior Leases**").
- B. Pursuant to that certain Lease Expiration Advancement Agreement being entered into concurrently herewith (the "Advancement Agreement"), the Prior Leases are being terminated effective as of July 31, 2003, and this Lease shall govern the rights and obligations between Landlord and Tenant with respect to the Premises thereafter.
- C. Concurrent with the execution of this Lease, Landlord and Tenant are entering into that certain Lease Agreement [Phase 2-Buildings A-F] (the "Phase 2 Lease") pursuant to which Landlord is leasing certain premises defined in the Phase 2 Lease to Tenant (the "Phase 2 Premises"). The Premises and the Phase 2 Premises are sometimes collectively referred to in this Lease as the "Total Premises".

1. LEASE OF PREMISES; USE:

- A. **Lease of Premises:** Landlord hereby leases to Tenant and Tenant hereby hires and takes from Landlord those certain premises comprising approximately 213,785 rentable square feet (the "**Premises**") hatch marked on **Exhibit "A"**, attached hereto and incorporated herein by this reference and more particularly described as follows:
- (1) approximately 42,632 rentable square feet located at 2550 Garcia Avenue, Mountain View, California, known by Landlord as Building 1 (and known by Tenant as Building 5) and hereinafter referred to as "**Building 1 – 2550 Garcia**". The rentable square footage shall be deemed to equal 42,632 rentable square feet regardless of the actual square footage;
- (2) approximately 42,632 rentable square feet located at 2500 Garcia Avenue, Mountain View, California, known by Landlord as Building 2 (and known by Tenant as Building 4) and hereinafter referred to as "**Building 2 – 2500 Garcia**". The rentable square footage shall be deemed to equal 42,632 rentable square feet regardless of the actual square footage;
- (3) approximately 43,257 rentable square feet located at 2535 Garcia Avenue, Mountain View, California, known by Landlord as Building 3 (and known by Tenant as Building 1) and hereinafter referred to as "**Building 3 – 2535 Garcia**". The rentable square footage shall be deemed to equal 43,257 rentable square feet regardless of the actual square footage;
- (4) approximately 42,632 rentable square feet located at 2475 Garcia Avenue, Mountain View, California, known by Landlord as Building 4 (and known by Tenant as Building 2) and hereinafter referred to as "**Building 4 – 2475 Garcia**". The rentable square footage shall be deemed to equal 42,632 rentable square feet regardless of the actual square footage; and
- (5) approximately 42,632 rentable square feet located at 2525 Garcia Avenue, Mountain View, California, known by Landlord as Building 5 (and known by Tenant as Building 3) and hereinafter referred to as "**Building 5 – 2525 Garcia**". The rentable square footage shall be deemed to equal 42,632 rentable square feet regardless of the actual square footage.

As used herein the **Complex** shall mean and include all of the land hatch marked on **Exhibit "B"**, attached hereto, and all of the buildings, improvements, fixtures and equipment now or hereafter situated on said land. The parties acknowledge that the rentable square footage of the Complex is approximately 614,976 square feet and that such rentable square footage shall be deemed to equal 614,976 square feet regardless of the actual square footage. As used herein, the terms **Building** or **Buildings** shall mean the buildings either wholly constituting a portion of the Premises or the buildings in which any portion of the Premises are a part unless otherwise referenced.

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

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

B. **Use:** Tenant shall use the Premises only in conformance with applicable governmental laws, regulations, rules and ordinances for the purpose of office, sales, research and development, and related uses necessary for Tenant to conduct its business, provided such uses are permitted and conform to city zoning laws and all other governmental laws, regulations, rules and ordinances, and for no other purpose. Tenant shall not do or permit to be done in or about the Premises or the Complex, nor bring or keep or permit to be brought or kept in or about the Premises or the Complex, anything which is prohibited by or will in any way increase the existing rate of (or otherwise affect) fire or any insurance covering the Complex or any part thereof, or any of its contents, or will cause a cancellation of any insurance covering the Complex or any part thereof, or any of its contents. Tenant shall not do or permit to be done anything in, on or about the Premises or the Complex which will in any way obstruct or interfere with the rights of other tenants or occupants of the Complex or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or the Complex. Tenant shall not conduct any sale by auction on the Premises. Tenant shall not place any loads upon the floors, walls, or ceiling, which endanger the structure, or place any harmful fluids or other materials in the drainage system of any of the Buildings, or overload existing electrical or other mechanical systems. Tenant shall not dump any waste materials or refuse upon any part of the Premises or outside of the Buildings, except in trash containers placed inside exterior enclosures designated by Landlord for that purpose or inside of the Building proper where designated by Landlord. Tenant shall not store any materials, supplies, equipment, finished products or semi-finished products, raw materials or articles of any nature upon the Premises or on any portion of common area of the Complex. Tenant shall not utilize any loudspeaker or other device, system or apparatus, which can be heard outside the Premises, without the prior written consent of Landlord. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall comply with any existing covenant, condition, or restriction ("CC&R's") affecting the Premises. A copy of all existing CC&Rs are attached hereto as **Exhibit "C"**. The provisions of this Paragraph are for the benefit of Landlord only and shall not be construed to be for the benefit of any tenant or occupant of the Complex.

2. **TERM**

A. **Term:** The term of this Lease shall be for a period of **ten (10) years five (5) months** (unless sooner terminated with respect to Building 3 – 2535 Garcia, Building 4 – 2475 Garcia or Building 5 – 2525 Garcia as hereinafter provided in Paragraph 44) and shall commence on **August 1, 2003**, and end on **December 31, 2013**.

B. **Commencement Date:** Tenant currently occupies the Premises, therefore, Possession shall be deemed tendered on August 1, 2003, the date on which this Lease shall commence (hereinafter "**Commencement Date**").

C. **Options To Extend:** Provided (i) Tenant is not in default after any applicable notice and cure period under any of the terms, covenants or conditions of this Lease or of the Phase 2 Lease and (ii) Tenant and/or its Permitted Assignees are occupying or conducting business from at least 200,000 rentable square feet of the Total Premises, and subject to the terms and conditions set forth hereafter, Tenant is hereby granted the option to extend the term of this Lease for the Premises (as constituted as of commencement date of any Option Period) leased hereunder for **two consecutive five year periods** (individually "Option Period") which must be exercised separately. Tenant shall notify Landlord in writing of Tenant's exercise of its option to extend the Lease no less than 360 days prior to the then existing Lease expiration date. This Lease shall be extended for a period of five years commencing upon the day after the then expiring Lease term and shall expire five years later. The monthly Base Rent during the extended term shall be as set forth in Paragraph 2C1 below. This option to extend can be exercised by Tenant for its use of the Premises (including any permitted subtenants and affiliates) and may be transferred or assigned to any subtenant, assignee or other party.

1. **Fair Market Rental Rate For Option Periods:** Base Rent for the first year of any Option Period shall be 95% of the fair market rate. The fair market rate for the option periods shall be defined as the prevailing market rate with interim adjustments (if any) then charged for comparable space of comparable quality in the immediate Mountain View/Shoreline market area. Landlord shall notify Tenant of such rate as reasonably determined by Landlord at least two hundred and ten (210) days prior to the beginning of any Option Period, and thereafter, such Base Rate shall be increased by normal and customary rent increases (if any) as determined by Landlord. Landlord and Tenant shall attempt to agree in writing on such fair market rate and any normal and customary increases. If Landlord and Tenant do not agree on the fair market rate for the Premises and/or any normal and customary increases by that date which is one hundred

eighty (180) days prior to the beginning of the option term, then Landlord and Tenant shall each select, not later than one hundred fifty (150) days prior to the commencement of the extension term, a licensed MAI appraiser (the "Appraisers") with a minimum five (5) years experience, and knowledge of the Mountain View area market to determine the fair market rate for the Premises. If the Appraisers are unable to agree as to the fair market rate and normal and customary increases by that date which is one hundred twenty (120) days prior to the commencement of the extension term, then the Appraisers shall, within ten (10) days thereafter, mutually select a third licensed MAI appraiser (the "Arbitrator") who has the same minimum qualifications as the Appraisers and who has not previously represented either party. If the Appraisers cannot agree on the Arbitrator, either party may apply to the Santa Clara County Superior Court, ex parte with at least three business days notice to the other party, for the appointment of the Arbitrator and the court is authorized to appoint an Arbitrator on an ex parte basis. Each Appraiser shall submit to the Arbitrator his or her determination of the fair market rate for the Premises and normal and customary increases, and the support therefore, and the Arbitrator shall decide which Appraiser has most accurately determined the fair market rate and the normal and customary increases, which shall constitute the fair market rate and the normal and customary increases for purposes of this subparagraph, and which decision shall be final and binding on both Landlord and Tenant. Landlord and Tenant shall each pay their own Appraiser's fees and costs and shall each pay one-half (1/2) of the Arbitrator's fees and costs.

2. **Validity of Options:** The options to extend granted to Tenant shall not be deemed to be properly exercised if at the time of exercise, any of the following events exist: (a) Tenant is in default of this Lease or the Phase 2 Lease beyond any applicable notice and cure period; and/or (b) Tenant has assigned its rights and obligations under this Lease or the Phase 2 Lease other than pursuant to a Permitted Assignment as defined under Paragraph 19(D), below; and/or (c) Tenant and/or its Permitted Assignees are no longer occupying or conducting business from at least 200,000 rentable square feet of the Total Premises. Tenant's Options to Extend are personal to the original Tenant executing this Lease and Permitted Assignees, and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than the original Tenant and/or Permitted Assignees.

The options to extend granted to Tenant hereunder shall continue to be valid in the event Tenant exercises its termination option pursuant to Paragraph 44, below, and the options shall apply to the Premises as constituted at the beginning of any Option Period.

3. **POSSESSION:** Tenant is currently in possession of the Premises under and pursuant to the Prior Leases and shall remain in possession of the Premises as of the Commencement Date under and pursuant to this Lease.

4. **RENT**

A. **Base Rent:** Tenant agrees to pay to Landlord at such place as Landlord may designate by prior written notice without deduction, offset, prior notice, or demand, and Landlord agrees to accept as Base Rent for the leased Premises, in lawful money of the United States of America, payable on or before the first day of each month of the Lease Term, the following monthly amounts for the time periods as indicated below:

August 1, 2003 — December 31, 2003	\$0.00 [see Par. 4B below]
January 1, 2004 — July 31, 2004	\$256,542.00
August 1, 2004 — July 31, 2005	\$264,238.26
August 1, 2005 — July 31, 2006	\$272,165.41
August 1, 2006 — July 31, 2007	\$280,330.37
August 1, 2007 — July 31, 2008	\$288,740.28
August 1, 2008 — July 31, 2009	\$297,402.47
August 1, 2009 — July 31, 2010	\$306,324.54
August 1, 2010 — July 31, 2011	\$315,514.27
August 1, 2011 — July 31, 2012	\$324,979.69
August 1, 2012 — July 31, 2013	\$334,729.08
August 1, 2013 — December 31, 2013	\$344,770.95

B. **Base Rent Abatement:** For the period of August 1, 2003 through December 31, 2003 (the "Base Rent Abatement Period"), the monthly Base Rent of \$256,542.00 shall be abated and no Base Rent will be due (the "Basic Rent Abatement") during the Base Rent Abatement Period; however, Tenant will be responsible for all Additional Rent expenses as outlined in Paragraph 4E from the Commencement Date of the Lease.

It is acknowledged by the parties that the Base Rent Abatement, set forth above, is in lieu of Landlord providing any tenant improvement allowance to Tenant for the installation of tenant improvements in Building D-2750 Coast (as defined in the Phase 2 Lease).

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

C. Time for Payment: In the event that the term of this Lease commences on a date other than the first day of a calendar month, on the date of commencement of the term hereof Tenant shall pay to Landlord as rent for the period from such date of commencement to the first day of the next succeeding calendar month that proportion of the monthly rent hereunder which the number of days between such date of commencement and the first day of the next succeeding calendar month bears to thirty (30). In the event that the term of this Lease for any reason ends on a date other than the last day of a calendar month, on the first day of the last calendar month of the term hereof Tenant shall pay to Landlord as rent for the period from said first day of said last calendar month to and including the last day of the term hereof that proportion of the monthly rent hereunder which the number of days between said first day of said last calendar month and the last day of the term hereof bears to thirty (30).

D. Late Charge: Notwithstanding any other provision of this Lease, if Tenant is in default in the payment of Base Rent or Additional Rent as set forth in this Paragraph 4, or any other amount due under this lease, or any part thereof, when due, Tenant agrees to pay Landlord, as additional rent, in addition to the delinquent amount due, a late charge for each payment delinquent more than five (5) days. Said late charge shall equal five (5%) percent of the amount in default. Notwithstanding the foregoing, Landlord hereby waives any late charge applicable to the first two instances in any calendar year during the Term of this Lease in which Tenant fails to pay rent on a timely basis as long as Tenant pays such rent within 5 business days after written notice to Tenant that the rent is past due. Such late charge is in addition to any other damages incurred by Landlord and is not a waiver of such other damages.

E. Additional Rent:

1. **Additional Rent Obligations.** Beginning with the Commencement Date of the term of this Lease, Tenant shall pay to Landlord in addition to the Base Rent and as Additional Rent the following:

(a) Tenant's Proportionate Share (as defined below) of all Taxes relating to the Complex as set forth in Paragraph 12, and

(b) Tenant's Proportionate Share of all insurance premiums relating to the Complex, as set forth in Paragraph 15 and as limited by Paragraph 4E6 below, and

(c) Tenant's Proportionate Share of expenses for the operation, management, maintenance and repair of the Buildings (including common areas of the Buildings) and Common Areas of the Complex as set forth in Paragraphs 7 and 11, and

(d) All charges, costs and expenses, which Tenant is required to pay hereunder, together with all interest and penalties, costs and expenses including, without limitation, attorney's fees and expenses, that may be incurred in the event of Tenant's failure to pay such amounts. In the event of nonpayment by Tenant of Additional Rent, Landlord shall have all the rights and remedies with respect thereto as Landlord has for nonpayment of rent.

2. **Estimates.** Tenant shall pay to Landlord monthly, in advance, Tenant's prorata share of an amount estimated by Landlord to be Landlord's approximate average monthly expenditure for such Additional Rent items. On or before March 31 of each year, Landlord shall provide Tenant with a reconciliation between the actual expenditures for Additional Rent items, Tenant's Proportionate Share of such items, and the estimated amounts collected from Tenant, which reconciliation, once delivered to Tenant, shall be binding upon Landlord. Tenant shall pay to Landlord, within thirty (30) days after receipt of the reconciliation, its Proportionate Share of the actual expenses expended by Landlord in excess of said estimated amounts, or Landlord shall refund to Tenant any amount of estimated payments made by Tenant in excess of Tenant's Proportionate Share of Landlord's actual expenditures for said Additional Rent items. Landlord shall provide Tenant reasonably adequate supportive documentation to the reconciliation. In the event Landlord fails to provide a reconciliation on or before the March 31 following the applicable calendar year, Tenant shall deliver a written notice to Landlord requesting such reconciliation and Landlord shall have thirty (30) days from the date such notice is received to provide Tenant with a reconciliation. If the Landlord thereafter fails to provide Tenant with a reconciliation during the thirty (30) day cure period, Landlord shall not be entitled to collect any shortfall between actual expenditures and the estimated amounts collected from Tenant; provided, however, that the foregoing shall not excuse Landlord from providing the required reconciliation within the cure period set forth above. In the event Landlord fails to provide Tenant with a reconciliation by March 31 of any year and Tenant fails to deliver the notice hereinabove set forth, Landlord shall not be restricted in collecting any shortfall between actual expenditures and the estimated amounts collected from Tenant. In addition to the foregoing, Landlord and Tenant shall work together, in good faith, to enable Landlord to provide Tenant with a, a written budget supporting Landlord's estimates of Additional Rent items to be collected from Tenant for the ensuing calendar year on or before January 15 of each year. In

the event any budgets change during such year, Landlord shall provide Tenant with no less than thirty (30) days' prior written notice of the change and such notice may provide that estimates attributable to periods prior to the notice be paid within thirty (30) days.

3. **Survival/Review.** The respective obligations of Landlord and Tenant under this Paragraph shall survive the expiration or other termination of the term of this Lease, and if the term hereof shall expire or shall otherwise terminate on a day other than the last day of a calendar year, the actual Additional Rent incurred for the calendar year in which the term hereof expires or otherwise terminates shall be determined and settled on the basis of the statement of actual Additional Rent for such calendar year and shall be prorated in the proportion which the number of days in such calendar year preceding such expiration or termination bears to 365. Tenant shall have the right to review Landlord's books regarding the calculation of Additional Rent for the three preceding one year periods, and any such review shall take place at Landlord's, or Landlord's property manager's offices (at Landlord's election), during normal business hours upon reasonable advance written notice from Tenant.

4. **Calculation of Proportionate Share of Complex.** For purposes of this Lease, and except as set forth below, the term "Proportionate Share" means the total rentable square footage of the Premises divided by the total rentable square footage of the Complex. The total rentable square footage of the Complex shall be deemed to equal 614,976 rentable square feet regardless of the actual square footage. Consequently, as of the Commencement Date of this Lease, Tenant's Proportionate Share of the Complex equals thirty-four and 76/100 percent (34.76%). Tenant's Proportionate Share shall be adjusted to account for any changes in the rentable square footage of the Premises and/or any changes in the rentable square footage of the Complex that occur following the execution of this Lease. Furthermore, as to expenses that relate to part but not all of the Complex, Landlord may, but shall not be required to, reasonably, equitably and consistently though out the Complex allocate such expenses to that portion of the Complex to which such expenses apply and, in that event, Tenant's Proportionate Share as to such expenses shall be as reasonably and equitably determined by Landlord (and such figure shall be deemed Tenant's "Proportionate Share" as set forth herein with respect to such expenses).

5. **Property Management Fee Limitation.** Landlord agrees that Tenant's obligation to reimburse Landlord for property management fees shall be limited to two percent (2%) of the Base Rent; provided, however, during the Rent Abatement Period, Intuit shall pay a property management fee equal to two percent (2%) of the Base Rent that is being abated as though such Base Rent was not being abated.

6. **Earthquake Insurance Expense Limitation.** Landlord agrees that Tenant's Pro Rata Share of earthquake insurance premiums shall be limited to the lesser of the following: (a) Tenant's Pro Rata Share based on fifty percent (50%) of the premiums for such insurance or (b) \$0.04 per square foot of the Premises per month which \$0.04 figure shall be increased by three percent (3%) on each anniversary of the Commencement Date of this Lease. Further, Tenant shall not be obligated to reimburse Landlord for any earthquake insurance deductibles. Any exclusions hereunder shall also be excluded from reimbursement under any other Paragraph of this Lease including, without limitation, reimbursements under Paragraph 4(E)(1)(b), above.

7. **Payments.** Any payments required to be made by Tenant for Additional Rent are required to be made by check or instrument separate from that check or instrument used by Tenant to make any payments for Base Rent pursuant to Paragraph 4 A and shall be due at the time Base Rent is due hereunder. With Landlord's permission, Tenant may pay by wire transfer to such account as Landlord may designate or by a single check Additional Rent along with Base Rent and any rent due and payable under the Phase 2 Lease.

8. **Taxes Billings.** Taxes shall be billed separately and prorated for periods of occupancy and shall be due on the later of December 1st and April 1st of each calendar year, or thirty (30) days following receipt of the tax bill by Tenant.

9. **Review of Records.** Tenant shall have the right, during normal business hours and at Tenant's own expense, to audit Landlord's records concerning Additional Rent items. In the event a discrepancy of greater than 3% of Tenant's correct share of costs is discovered and, as a result of the error, Tenant overpaid Additional Rent, Landlord shall pay the cost of Tenant's out of pocket audit costs to third parties and shall immediately refund to Tenant the amount of the discrepancy. In the event a discrepancy of greater than 3% of Tenant's correct share of costs is discovered and, as a result of the error, Tenant underpaid Additional Rent, Tenant must disclose the same to Landlord, and Tenant shall pay to Landlord the additional monies due less Tenant's out of pocket audit costs to third parties.

10. **Prior Amortization.** Under the Prior Leases Tenant had been reimbursing Landlord for some expenses incurred by Landlord during the term of the Prior Lease on an amortized basis, and not all of such expenses have been reimbursed by Tenant. Tenant agrees that the remaining portion of such expenses

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

that have not yet been reimbursed by Tenant shall continue to be paid by Tenant, as Additional Rent hereunder, pursuant to the same reimbursement plan as under the Prior Leases as though the Prior Leases were not terminated.

F. **Place of Payment of Rent and Additional Rent:** All Base Rent hereunder and all payments hereunder for Additional Rent shall be paid to Landlord and shall be delivered to the Landlord's property manager, Willis and Company, at 1793 Lafayette Street, Suite 220, Santa Clara, 95050, or to such other person or to such other place as Landlord may from time to time designate in writing; provided, however, that Landlord must provide Tenant with at least thirty (30) days prior notice of any change to the person or place that Base Rent and/or Additional Rent is to be paid hereunder. All payments must actually be received by their due date.

G. **Security Deposit:** A security deposit shall not be required under this Lease.

5. **RULES AND REGULATIONS AND COMMON AREA:** Subject to the terms and conditions of this Lease and such Rules and Regulations as Landlord may from time to time prescribe, Tenant and Tenant's employees, invitees and customers shall, in common with other occupants of the Complex in which the Premises are located, and their respective employees, invitees and customers, and others entitled to the use thereof, have the non-exclusive right to use the access roads, parking areas, and facilities as may be provided and designated by Landlord from time to time for the general use and convenience of the occupants of the Complex in which the Premises are located, which areas and facilities are referred to herein as "Common Area". This right shall terminate upon the termination of this Lease. Landlord reserves the right from time to time to make reasonable changes in the shape, size, location, amount and extent of Common Area including elimination of portions of the common area. All such changes shall not unreasonably affect Tenant's access or use of the Premises and shall not diminish Tenant's parking rights. Landlord further reserves the right to promulgate such reasonable and nondiscriminatory rules and regulations relating to the use of the Common Area, and any part or parts thereof, as Landlord may deem appropriate for the best interests of the occupants of the Complex. The Rules and Regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant, and Tenant shall abide by them and cooperate in their observance. Landlord may reasonably amend such Rules and Regulations from time to time, with at least thirty (30) days advance notice to Tenant, in a non-discriminatory manner, and all amendments shall be effective no sooner than thirty (30) days after delivery of a copy to Tenant. Landlord shall enforce said Rules and Regulations against Tenant in a nondiscriminatory manner, and shall enforce said Rules and Regulations against all other tenants and occupants in the Complex whose violation of said Rules and Regulations materially and detrimentally impacts Tenant's business. Notwithstanding the foregoing, if there is a conflict between the Rules and Regulations and the terms of this Lease, the terms of this Lease shall control.

Landlord shall operate, manage and maintain the Common Area in a first class standard of maintenance and repairs and shall keep the Common Areas in good and sanitary condition.

6. **PARKING:** Tenant shall have the right to use with other tenants or occupants of the Complex its Proportionate Share of the non exclusive non reserved parking spaces in the common parking areas of the Complex. Tenant agrees that Tenant, Tenant's employees, agents, representatives and/or invitees shall not use parking spaces outside of the Complex parking allocated to Tenant hereunder. Landlord shall have the right, at Landlord's sole discretion, to specifically designate the location of Tenant's parking spaces or any other tenant's parking spaces within the common parking areas of the Complex, in which event Tenant agrees that Tenant, Tenant's employees, agents, representatives and/or invitees shall not use any parking spaces other than those parking spaces specifically designated by Landlord for Tenant's use. Said parking spaces, if specifically designated by Landlord to Tenant, may be relocated by Landlord at any time, and from time to time. Landlord reserves the right, at Landlord's sole discretion, to rescind any specific designation of parking spaces, thereby returning Tenant's parking spaces to the common parking area. Landlord shall give Tenant written notice of any change in Tenant's parking spaces; provided, however, that in no event shall any such change materially diminish the number of parking spaces available to Tenant. Tenant shall not, at any time, park, or permit to be parked, any trucks or vehicles adjacent to the loading areas so as to interfere in any way with the use of such areas, nor shall Tenant at any time park, or permit the parking of Tenant's trucks or other vehicles or the trucks and vehicles of Tenant's suppliers or others, in any portion of the common area not designated by Landlord for such use by Tenant. Tenant shall not park any inoperative vehicles or equipment on any portion of the common parking area or other common areas of the Complex. Tenant agrees to assume responsibility for compliance by its employees with the parking provision contained herein. If Tenant or its employees park in other than such designated parking areas, then Landlord may charge Tenant, as an additional charge, and Tenant agrees to pay, Fifty Dollars (\$50.00) per day for each day or partial day each such vehicle is parked in any area other than that designated. Tenant hereby authorizes Landlord at Tenant's sole expense to tow away from the Complex any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions, or to attach violation notices to such vehicles. Tenant shall use the parking areas for vehicle parking only, and shall not use the parking areas for storage.

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

7. EXPENSES OF OWNERSHIP, OPERATION, MANAGEMENT AND MAINTENANCE OF THE COMPLEX, PREMISES AND BUILDING IN WHICH THE PREMISES ARE LOCATED

A. **Landlord's Maintenance Obligations; Tenant's Share:** Landlord, at Landlord's expense (but subject to any reimbursement obligations set forth in this Lease), shall maintain, in a first class standard of maintenance and repair, (i) all Common Areas in the Complex, (ii) the structural portion of the Premises, (iii) all exterior portions of the Premises (including, without limitation, the foundations, exterior walls, exterior roof, and the roof membrane) excluding, however, exterior doors, loading dock doors, door encasements, exterior windows, window frames, plate glass, glazing, loading docks, and HVAC systems, (iv) landscaped areas, (v) lakes, (vi) parking lots, (vii) sidewalks, (viii) driveways, (ix) exterior fixtures and exterior electrical (excluding Tenant's signage and items installed by Tenant), (x) mechanical and plumbing systems outside of Tenant's Premises.

Unless otherwise set forth in this Lease, expenses for the repair or replacement of the structural portions of the Premises (structural walls, structure of the roof, and Building foundations) shall not be charged to Tenant as Additional Rent items unless this Lease expressly provides to the contrary, or unless the need for such repair or replacement was caused by the negligence, intentional misconduct or breach of this Lease by Tenant or any of Tenant's invitees, guests, or agents.

Except as set forth in Paragraph 7D below, or except as otherwise specifically excluded pursuant to the terms of this Lease, as Additional Rent and in accordance with Paragraph 4 E of this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of all expenses of the ownership, operation, management, maintenance and repair of the Complex, including, but not limited to, license, permit and inspection fees; utility charges associated with exterior landscaping and lighting (including water and sewer charges); all charges incurred in the maintenance of landscaped areas, lakes, parking lots, sidewalks, driveways; maintenance, repair and replacement of all exterior fixtures and exterior electrical, mechanical and plumbing systems; exterior surfaces of the buildings; salaries and employee benefits of personnel employed by Landlord who provide services for the Complex which is directly attributable to services provided to the Complex, and payroll taxes applicable thereto and supplies, materials, equipment and tools.

1. Structural Alterations to Comply With Laws. If, on the date this Lease is fully executed, structural alterations (structural walls, structure of the roof, and Building foundations) are required to comply with applicable laws, or in the event such applicable laws are changed which changes require such structural alterations, the cost of such alterations shall be borne by Landlord and Tenant shall not be required to reimburse Landlord for any share of such costs, unless such alterations are caused by any of the following in which case Tenant shall bear the sole responsibility and costs for performing such alterations:

(a) Tenant's unique use of the Premises, as opposed to general office use,

(b) damage to the Premises (other than normal wear and tear) caused by Tenant, or any employee, contractor, agent, invitee, guest, or supplier of Tenant, or

(c) alterations or improvements constructed by or on behalf of Tenant that require such alterations to be made, as opposed to alterations that trigger an unrelated code compliance upgrade (for example: if construction by Tenant of additional offices require extra structural support for such offices, the cost of such extra support shall be borne entirely by Tenant, however, if construction of additional offices triggers the requirement to install seismic retrofitting to comply with a previous years code change, which code change is not related to the additional offices, but which is the result of any new construction, then Landlord shall bear the cost of such code upgrade alterations).

It is acknowledged that Landlord shall only be required to make such alterations that are actually required to prevent the Premises from being in violation of such codes at such time, as opposed to making alterations to bring the Premises up to current building codes even though existing improvements do not require current alterations because such improvements are "grandfathered".

2. Capital Expenditures. Tenant's Proportionate Share of the total cost of any individual capital expenditure (as defined under generally accepted accounting principals ("GAAP")) which exceeds \$20,000 which are not otherwise excluded from Tenant's reimbursement requirements shall be amortized monthly on a straight line basis over the actual useful life of the capital expenditure (in Landlord's reasonable and good faith estimate) ("Capital Expenditure Amount"). Landlord shall be entitled to immediately expense any individual capital expenditure the total cost of which is less than \$20,000, and such capital expenditure shall not be deemed a Capital Expenditure Amount under this paragraph. The monthly amortization of any Capital Expenditure Amount shall be over such number of months of actual useful life of the improvement, as reasonably determined by Landlord, and shall include interest in the amount of 5%. The \$20,000 amount, referred to above, shall be increased on each anniversary of the Commencement Date of this Lease based upon the change in the

Consumer Price Index. Such annual adjustments shall be calculated upon the basis of the percentage change in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland Metropolitan Area, All Items (1982-84 equals 100) as published by the U.S. Department of Labor, Bureau of Labor Statistics, as such Index was revised effective January, 1987 (the "Index"). The Index published for the month closest to the adjustment date shall be compared with the Index published for the month closest to the beginning of the immediately preceding Lease year to determine the percentage increase in such \$20,000 (as it may have been adjusted for prior years). If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. Except as otherwise provided in this Lease, all other capital expenditures shall be reimbursed, without amortization, as set forth in Paragraph 4 E of this Lease.

B. Buildings and Premises: Notwithstanding anything contained in the Lease to the contrary, Tenant shall, at its sole cost and expense, keep and maintain (i) the interior of the Premises (including appurtenances), (ii) exterior doors, loading dock doors, and door encasements, (iii) exterior windows, window frames, plate glass, and glazing, and every part thereof in a first class standard of maintenance and repair, and in good and sanitary condition. Tenant's maintenance and repair responsibilities herein referred to include, but are not limited to: all windows, window frames, plate glass, glazing, truck doors, loading docks, interior plumbing systems (such as interior water and drain lines, sinks, toilets, faucets, drains, showers and water fountains), interior electrical systems (such as interior panels, conduits, outlets, lighting fixtures, lamps, bulbs, tubes, ballasts), heating and air-conditioning systems exterior or interior (such as compressors, fans, air handlers, ducts, mixing boxes, thermostats, time clocks, boilers, heaters, supply and return grills), all interior improvements in the Premises including but not limited to wall coverings, window coverings, carpets, floor coverings, partitioning, ceilings, doors (both interior and exterior, including closing mechanisms, latches, locks), skylights, automatic fire extinguishing systems, and all other interior improvements of any nature whatsoever.

C. Tenant Waivers: Tenant hereby waives all rights under, and benefits of, subsection 1 of Section 1932 and Section 1941 and 1942 of the California Civil Code and under any similar law, statute or ordinance now or hereafter in effect.

D. Exclusion from Additional Rent: "Additional Rent" as used herein shall not include and are excluded, as reimbursable costs from Tenant to Landlord all of the following:

1. Any fines, costs, penalties or interest.
2. Rental payments pursuant to any ground lease of land underlying all or any of the Complexes.
3. Any costs of any services sold or provided to tenants or other occupants for which Landlord or Managing Agent is entitled to be reimbursed by such tenants or other occupants.
4. Acquisitions costs for sculptures, paintings, or other objects of art.
5. Costs for which Landlord has been compensated by a management fee; for example, accounting costs necessary to operate the Complex and report its financial status to the Landlord.
6. Depreciation (except as specifically provided above).
7. Interest on and amortization of debts.
8. Leasehold improvements including redecorating spaces occupied or to be occupied by other tenants of the Complex.
9. Brokerage commissions and advertising expenses for procuring new tenants of the Complex.
10. Financing or refinancing costs.
11. The cost of any item included as an Additional Rent item to the extent that such cost is reimbursed by an insurance company, a condemnor, a tenant, or any other third party; provided, however, that if a reimbursed item was previously included as an Additional Rent item, and such reimbursement shall reduce the Additional Rent items in the period in which the reimbursement occurs.
12. Expenses, costs, liabilities, fines or penalties incurred as a result of or attributable to Landlord's or its agents', employees', contractors', guests' or invitees' negligent acts or omissions, breach of lease

or contract or violation of governmental laws, statutes, codes, ordinances, rules, regulations, orders or other governmental requirements.

13. Accounting, legal and other fees incurred in connection with preparation, negotiation or enforcement of leases, or any costs associated with preparing any space for occupancy, including any tenant improvement work or allowance for such space to be leased.

14. Labor costs, including salaries, fringe benefits and other costs for other than full-time on-site personnel to the extent such costs are attributable to work at a complex other than the Complex.

15. Any costs or expenses associated with or in any way related to Hazardous Materials (as defined in Paragraph 42, below) or the monitoring, remediation or removal thereof.

16. Any costs or expenses not actually and reasonably incurred by Landlord and believed by Landlord in good faith to be properly included as an Additional Rent item.

17. Any costs or expenses which are, by the terms of this Lease, required to be borne solely by Landlord without reimbursement.

8. **ACCEPTANCE AND SURRENDER OF PREMISES:** Landlord represents to its knowledge without any investigation, nor the duty to investigate, and with the parties acknowledgement that the Tenant has been occupying the Premises for the past eight (8) years, that as of the Commencement Date of this Lease, Landlord is not aware of any defect in the roofs, structural components, heating, ventilating, and air conditioning systems, electrical and plumbing systems, parking lots and site lighting, of the Premises and/or the Complex upon which the Premises are located. Subject to Landlord's representations and warranties contained elsewhere in this Lease, Tenant accepts the Premises as being in good and sanitary order, condition and repair and accepts the Premises in their present condition and without representation or warranty by Landlord as to the condition of the Premises or as to the use or occupancy which may be made thereof. Any exceptions to the foregoing must be by written agreement executed by Landlord and Tenant. Tenant agrees on the last day of the Lease term, or on the sooner termination of this Lease, to surrender the Premises promptly and peaceably to Landlord in good condition and repair (damage by Acts of God, fire or normal wear and tear excepted), with all interior walls repaired, if damaged, and with all alterations, additions and improvements which may have been made in, to, or on the Premises (except movable trade fixtures installed at the expense of Tenant), except as to alterations which Tenant is required to remove or restore as set forth below. Tenant, on or before the end of the term or sooner termination of this Lease, shall remove all of Tenant's personal property and trade fixtures from the Premises, and all property not so removed on or before the end of the term or sooner termination of this Lease shall be deemed abandoned by Tenant and title to same shall thereupon pass to Landlord without compensation to Tenant. Landlord may, upon termination of this Lease, remove all moveable furniture and equipment so abandoned by Tenant, at Tenant's sole cost, and repair any damage caused by such removal at Tenant's sole cost. Nothing contained herein shall be construed as an extension of the term hereof or as consent of Landlord to any holding over by Tenant. The voluntary or other surrender of this Lease or the Premises by Tenant or a mutual cancellation of this Lease shall not work as a merger and, at the option of Landlord, shall either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of all or any such subleases or subtenancies.

9. ALTERATIONS AND ADDITIONS

A. **Alterations:** Tenant shall not make, or suffer to be made, any alteration or addition to the Premises, or any part thereof, exceeding Twenty Five Thousand Dollars (\$25,000) in cost, without the written consent (which shall not be unreasonably withheld, conditioned, or delayed) of Landlord first had and obtained by Tenant. Any addition to, or alteration of, the Premises, except moveable furniture and trade fixtures, shall at once become a part of the Premises and belong to Landlord. If Landlord consents to the making of any alteration, addition, or improvement to or of the Premises by Tenant, the same shall be made at Tenant's sole cost and expense. Except as otherwise expressly set forth to the contrary, any modifications to the Building or Building systems required by governmental code or otherwise as a result of Tenant's alterations, additions or improvements shall be made at Tenant's sole cost and expense. Tenant shall retain title to all moveable furniture and trade fixtures placed in the Premises. All heating, lighting, electrical, air conditioning, attached partitioning, drapery, carpeting and floor installations made by Tenant, together with all property that has become an integral part of the Premises, shall not be deemed trade fixtures. Tenant agrees that it will not proceed to make any alterations or additions the total cost of which exceeds Twenty Five Thousand Dollars (\$25,000), without having obtained consent from Landlord to do so, and until five (5) days after written notice to Landlord of Tenant's intention to commence such work in order that Landlord may post appropriate notices to avoid any liability to contractors or material suppliers for payment for Tenant's improvements. Tenant shall at all times permit such notices to be posted and to remain posted until the completion of work. Tenant shall, if required by Landlord,

secure at Tenant's own cost and expense, a completion and lien indemnity bond, reasonably satisfactory to Landlord for work in excess of \$300,000. Tenant further covenants and agrees that any mechanic's liens filed against the Premises or against the Complex for work claimed to have been done for, or materials claimed to have been furnished to Tenant, will be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at the cost and expense of Tenant. Any exceptions to the foregoing must be made in writing and executed by both Landlord and Tenant.

B. **Manner of Alterations:** Any alterations or additions made by Tenant to the Premises, whether or not such work requires Landlord's approval hereunder, shall be constructed in a first class manner. Landlord shall have the right, at its sole cost and expense, and upon no less than 2 business days' prior written notice, to inspect any alterations or additions at any stage of its completion to determine whether or not such work is being constructed in compliance with approved plans. At the completion of each alteration or addition, Tenant shall deliver a complete set of as-built drawings to Landlord.

C. **Cost of Alterations:** Except as otherwise expressly set forth herein to the contrary, all cost of construction including demolition, architectural, drawings, permitting fees, etc, shall be paid by Tenant.

D. **Restoration:** At the time any alterations, additions or improvements are requested by Tenant, which request shall include a detailed description and depiction of such alterations, additions or improvements, Tenant may request that Landlord inform Tenant whether such alterations, additions or improvements must be removed and the Premises be restored to the original condition upon Lease expiration or termination. If Landlord fails to inform Tenant that it must restore the Premises at the Lease expiration, then Tenant shall have no obligation to restore the Premises at Lease expiration. If Landlord requires Tenant to so restore, such restoration shall be at Tenant's sole cost and expense.

1. **Alterations Performed By Tenant Prior to Execution of This Lease:** Landlord accepts the alterations, additions and improvements performed to date upon the Premises under the Prior Leases and Tenant shall not be required to remove such alterations, additions and improvements as they currently exist. Within fifteen (15) days of the execution of this Lease, Tenant shall deliver to Landlord all layout plans in Tenant's possession with the understanding that Tenant does not warrant the accuracy of such plans. Landlord shall have the right, but not the obligation, to enter the Premises to determine the correct condition of the Premises. Tenant shall cooperate with Landlord in documenting the current condition of the Premises.

E. **Contractors:** Tenant shall have the right to employ architects, general contractors or subcontractors of its choosing, licensed in California where required by law, for any alterations desired to be made to the Premises leased hereunder. Landlord shall not charge Tenant for any construction management fees, supervision fees or plan review fees Landlord incurs in connection with any of the alterations Tenant may make to the Premises.

10. **Intentionally Deleted.**

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

Tenant shall pay promptly, as the same become due, all charges for separately metered water, gas, electricity, telephone, telex and other electronic communications service, sewer service, waste pick-up and any other utilities, materials or services furnished directly to or used by Tenant on or about the Premises during the term of this Lease, including, without limitation, any temporary or permanent utility surcharge or other exactions whether or not hereinafter imposed. In addition, for any Premises not separately metered, Tenant shall pay, as Additional Rent, its pro rata share of the cost of any utility service not so separately metered, such pro rata share shall be determined by dividing the rentable square footage of the portion of the Premises included in the utility bill by the total rentable square footage of all rentable space included in such utility bill, and the pro-rata share not reimbursable by Tenant hereunder shall not be reimbursable to Landlord under the other expense reimbursement provisions of this Lease. If, however, Landlord determines that any tenant (including Tenant) is using a disproportionate amount of any utility service not separately metered, then Landlord shall charge that tenant the amount estimated by Landlord to be the disproportionate amount and such payment by such other tenant shall not be charged to the other tenants.

Landlord shall not be liable for and Tenant shall not be entitled to any abatement or reduction of rent by reason of any interruption or failure of utility services to the Premises when such interruption or failure is caused by accident, breakage, repair, strikes, lockouts, or other labor disturbances or labor disputes of any nature, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Notwithstanding the foregoing, Tenant shall be entitled to an abatement of rent for any interruption or failure of utility services to the Premises when such interruption or failure is caused by Landlord or its employees, agents or contractors, which abatement shall be based on the degree to which Tenant is unable to utilize the

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

Premises due to such interruption or failure. In addition, in the event there is any interruption in any utility service, Landlord will cooperate with Tenant in having such utility service restored as quickly as possible.

12. TAXES

A. Real Property Taxes

As Additional Rent and in accordance with Paragraph 4E of this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of all Real Property Taxes. The term "Real Property Taxes", as used herein, shall mean (i) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership of the Complex) now or hereafter imposed during the Term of Lease by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of, all or any portion of the Complex (as now constructed or as may at any time hereafter be constructed, altered, or otherwise changed) or Landlord's interest therein; any improvements located within the Complex (regardless of ownership); the fixtures, equipment and other property of Landlord, real or personal, that are an integral part of and located in the Complex; or parking areas, public utilities, or energy within the Complex; (ii) all charges, levies or fees imposed by reason of environmental regulation or other governmental control of the Complex; and (iii) all costs and fees (including attorney's fees) incurred by Landlord in contesting any Real Property Tax and in negotiating with public authorities as to any Real Property Tax. In the event said contesting results in a refund of Real Property Taxes, Tenant shall be credited with the appropriate Proportionate Share of said refund reflecting Tenant's period of occupancy. If at any time during the term of this Lease the taxation or assessment of the Complex prevailing as of the Commencement Date of this Lease shall be altered so that in lieu of or in addition to any Real Property Tax described above there shall be levied, assessed or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate or additional tax or charge (i) on the value, use or occupancy of the Complex or Landlord's interest therein or (ii) on or measured by the gross receipts, gross income or gross rentals from the Complex, on Landlord's business of leasing the Complex, or computed in any manner with respect to the operation of the Complex, then any such tax or charge, however designated, shall be included within the meaning of the term "Real Property Taxes" for purposes of this Lease. If any Real Property Tax is based upon property or rents unrelated to the Complex, then only that part of such Real Property Tax that is fairly allocable to the Complex shall be included within the meaning of the term "Real Property Taxes". Notwithstanding the foregoing, the term "Real Property Taxes" shall not include estate, inheritance, gift or franchise taxes of Landlord or the federal, state or local net income tax, capital gains taxes, excess profits, capital stock taxes or other taxes not uniquely attributable to the Buildings or the Complex, imposed on Landlord or any of its shareholders, partners, members, beneficiaries or other owners of a beneficial interest in Landlord, nor shall it include any penalties, interest, fines or other similar charges. In addition, "Real Property Taxes" shall not include any increases resulting from any new construction, unless such new construction is by or on behalf of Tenant; development fees and increased taxes (in lieu of development fees) pursuant to any development agreement or similar arrangement; any documentary transfer tax, corporation, limited liability company or other entity gross receipts tax, sales or use tax; or any portion of any tax or assessment not properly and equitably allocable to the period in question (and if Landlord elects to pay any bond or assessment over less than the longest time permissible by law, the portion of such payment included in Real Estate Taxes for any period shall not exceed the amount that would have been payable for the period had Landlord instead paid over the longest period permissible by law). In no event shall any portion of any tax or assessment properly allocable to any period of time beyond the term of this Lease be included in Real Estate Taxes.

B. Taxes on Tenant's Property

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

2. If any tenant improvements in the Premises, whether installed, and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed

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

13. **TENANTS LIABILITY INSURANCE:** Tenant, at Tenant's expense, agrees to keep in force during the term of this Lease a policy of commercial general liability insurance with a combined single limit in the amount of \$5,000,000/5,000,000 per occurrence/aggregate. The policy or policies affecting such insurance, certificates of which shall be furnished to Landlord, shall name Landlord as additional insured, and shall insure any liability of Landlord, contingent or otherwise, as respects acts or omissions of Tenant, its agents, employees or invitees or otherwise by any negligent conduct of any of said persons in or about or concerning the Premises; shall be issued by an insurance company admitted to transact business in the State of California; and shall provide that the insurance effected thereby shall not be canceled, except upon thirty (30) days' prior written notice to Landlord; and shall have commercially reasonable deductibles similar to those typically held by companies of similar size and characteristics of Tenant. If, during the term of this Lease, in the reasonable opinion of Landlord's Lender, insurance advisor or counsel, the amount of insurance described in this Paragraph is not adequate, Tenant agrees to increase said coverage to such reasonable amount as Landlord's Lender, insurance advisor or counsel shall deem adequate. All insurance required pursuant to this Paragraph to be carried by Tenant shall be (i) primary and noncontributory with any Landlord insurance (ii) shall provide severability of interests between or among insureds (iii) shall be issued by insurers licensed to do business in the State in which the Premises are located, and (iv) shall be issued by insurers which are rated A:VII or better by Best's Key Rating Guide. All insurance required hereunder may be held by Tenant under blanket policies of insurance.

14. **TENANT'S PERSONAL PROPERTY INSURANCE AND WORKER'S COMPENSATION INSURANCE:** Tenant shall maintain a special form property policy ("Special Form") with a sprinkler leakage endorsement insuring the personal property, inventory, trade fixtures and leasehold improvements within the leased Premises for the full replacement value thereof. The proceeds from any of such policies shall be used for the repair or replacement of such items so insured. Tenant shall also maintain such policy or policies of worker's compensation insurance and such other employee benefit insurance sufficient to comply with all laws.

15. **PROPERTY INSURANCE:** Landlord shall purchase and keep in force and, as Additional Rent in accordance with Paragraph 4E of this Lease, and subject to such limitations on reimbursement obligations as may be provided elsewhere in this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of the cost of a policy or policies of insurance covering loss or damage to the Premises and Complex in an amount up to the full replacement value thereof, providing protection against those perils included within the classification of "Special Form" insurance and flood and/or earthquake insurance, if available, plus a policy of rental income insurance in the amount of one hundred (100%) percent of twelve (12) months Base Rent and Additional Rent, and also a policy of comprehensive public liability insurance with minimum limits in the amount of at least \$1,000,000/1,000,000 for injuries to or death of persons occurring in, on or about the Premises or the Complex. If such insurance cost is increased due to Tenant's use of the Premises or the Complex, Tenant agrees to pay to Landlord the full cost of such increase. Tenant shall have no interest in nor any right to the proceeds of any insurance procured by Landlord for the Complex.

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

16. **INDEMNIFICATION:** Landlord shall not be liable to Tenant and Tenant hereby waives all claims against Landlord, and all of Landlord's partners, managers, employees, and agents, for any injury to or death of any person or damage to or destruction of property in or about the Premises or the Complex by or from any cause whatsoever, including, without limitation, gas, fire, oil, electricity or leakage of any character from the roof, walls, basement or other portion of the Premises or the Complex but excluding, however, the negligence or willful misconduct of Landlord or its agents, employees or contractors, and except and excluding claims resulting from the breach by Landlord of any of its representations, warranties, covenants or obligations under this Lease. Except to the extent injury to persons or damage to property is the result of the negligence or willful misconduct of Landlord or any of its agents, employees or contractors, and except and excluding claims resulting from the

breach by Landlord of any of its representations, warranties, covenants or obligations under this Lease, Tenant shall hold Landlord, and Landlord's partners, managers, employees, and agents, harmless from and defend Landlord, and any of Landlord's partners, managers, employees, and agents, against any and all expenses, including reasonable attorney's fees, in connection therewith, arising out of (a) any injury to or death of any person, or damage to or destruction of property, occurring in, on or about the Premises, or any part thereof, from any cause, or by any person or entity, whatsoever, (b) Tenant's breach of this Lease, (c) Tenant or Tenant's agents, employees, contractors, guests and/or invitees negligence or intentional wrongdoing, (d) Tenant's failure to surrender the Premises in violation of the terms of this Lease (including damages as a result of claims made by any succeeding tenant or lost profits as a result thereof).

17. **COMPLIANCE:** Except as set forth in Paragraph 7A1, Tenant, at its sole cost and expense, shall promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now or hereafter in effect; with the requirements of any board of fire underwriters or other similar body now or hereafter constituted; and with any direction or occupancy certificate issued pursuant to law by any public officer. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such law, statute, ordinance or governmental rule, regulation, requirement, direction or provision, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to said Premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance covering the Premises.

18. **LIENS:** Tenant shall keep the Premises and the Complex free from any liens arising out of any work performed, materials furnished or obligation incurred by Tenant. In the event that Tenant shall not, within thirty (30) days following the imposition of such lien, cause the same to be released of record, Landlord shall have, in addition to all other remedies provided herein and by law, and upon no less than 5 business days' prior written notice to Tenant, the right, but no obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all expenses incurred by it in connection therewith, shall be payable to Landlord by Tenant on demand with interest at the prime rate of interest as quoted by the Bank of America.

19. **ASSIGNMENT AND SUBLETTING:** The following provisions shall apply to any assignment, subletting or other transfer by Tenant or any subtenant or assignee or other successor in interest of the original Tenant (collectively referred to in this Paragraph as "Tenant"):

A. Except for Permitted Assignments as provided below, Tenant shall not do any of the following (collectively referred to herein as "Transfer"), whether voluntarily, involuntarily, or by operation of law, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed: (i) assign or otherwise transfer its interest in this Lease or in the Premises; (ii) sublet all or any part of the Premises or allow it to be sublet, occupied, or used by any person or entity other than Tenant; (iii) transfer any right appurtenant to this Lease or the Premises; or (iv) mortgage or encumber the Lease (or otherwise use the Lease as a security device) in any manner. Tenant shall reimburse Landlord for all reasonable costs and attorney's fees incurred by Landlord in connection with the processing and/or documentation of any requested Transfer, whether or not Landlord's consent is granted. Any Transfer so approved by Landlord shall not be effective until Tenant has paid all such costs and attorneys' fees to Landlord and delivered to Landlord an executed counterpart of the document evidencing the Transfer which (i) is in form approved by Landlord, (ii) contains the same terms and conditions as stated in Tenant's notice given to Landlord pursuant to subparagraph 6, below, and (iii) with respect to an assignment, contains the agreement of the proposed Transferee to assume all obligations of Tenant under this Lease. Any attempted Transfer without Landlord's consent shall constitute a default by Tenant and shall be voidable at Landlord's option. Landlord's consent to any one Transfer shall not constitute a waiver of the provisions of this Paragraph as to any subsequent transfer nor consent to any subsequent Transfer. No Transfer, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay the rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease nor to be consent to any Transfer.

B. Tenant shall give Landlord at least ten (10) business days prior written notice of any desired Transfer to a sublessee and at least thirty (30) days prior written notice of any desired Transfer to an assignee, and such notice with respect to either a sublease or an assignment shall contain all of the proposed terms of such Transfer including but not limited to (i) the name and legal composition of the proposed Transferee; (ii) an audited financial statement, if available, or an un-audited financial statement if an audited statement is not available, of the Transferee for a period ending not more than one year prior to the proposed effective date of the Transfer; (iii) the nature of the proposed Transferee's business to be carried on in the Premises; (iv) all consideration to be given on account of the Transfer; and (v) such other information as may be reasonably requested by Landlord within such ten (10) day period. Tenant's notice shall not be deemed to

have been served or given until such time as Tenant has provided Landlord with all information required by subparagraphs (i) through (iv) of this subparagraph.

C. In the event that Tenant seeks to make any Transfer, Landlord shall have the right to reasonably withhold its consent to such Transfer, as permitted pursuant to this Paragraph, or to exercise any of the rights set forth in this subparagraph, by giving Tenant written notice of its election within ten (10) business days after receipt of Tenant's notice of intent to Transfer to a sublessee, and within thirty (30) days after receipt of Tenant's notice of intent to Transfer to an assignee. In the event Landlord fails to provide Tenant with notice that it is withholding its consent to the proposed Transfer within such ten (10) business day period for a Transfer to a sublessee or such thirty (30) day period for a Transfer to an assignee, then Landlord shall be deemed to have rejected the proposed Transfer. Without otherwise limiting the criteria upon which Landlord may withhold its consent to any proposed Transfer, if Landlord withholds its consent where the proposed assignee's or subtenant's anticipated use of the Premises involves the storage, use or disposal of Hazardous Material in amounts not typically used in an office environment, such withholding of consent shall be presumptively reasonable.

In addition to Landlord's right to withhold its consent to any Transfer and without limiting Landlord in the exercise of any other right or remedy, which Landlord may have, Landlord may elect to permit Tenant to so assign the Lease or sublease such part of the Premises, in which event Tenant may do so, but without being released of its liability for the performance of all of its obligations under the Lease. If Tenant assigns its interest in this Lease in accordance with this subparagraph, then, after Tenant deducts its reasonable costs of such assignment, Tenant shall pay to Landlord fifty percent (50%) of all consideration received by Tenant on account of the Premises over and above Tenant's obligations under this Lease. Tenant shall not, however, be required to pay to Landlord any consideration it receives for and which is equal to the fair market value for any furnishings, fixtures or other items of personal property Tenant receives in connection with the assignment or subletting, or for any services to be provided by Tenant in connection with the assignment or subletting ("Unrelated Consideration"). If Tenant sublets all or part of the Premises, after Tenant deducts its reasonable costs of such subleasing, then Tenant shall pay to Landlord fifty percent (50%) of the positive difference, if any, between (i) all rent and other consideration (other than Unrelated Consideration) paid by the subtenant to Tenant on account of the Premises, less (ii) all rent paid by Tenant to Landlord pursuant to this Lease which is allocable to the area so sublet. Such amount shall be paid to Landlord on the same basis, whether periodic or in lump sum, that such rent and other consideration (other than Unrelated Consideration) is paid to Tenant by its subtenant; provided, however, should Tenant, as assignor or sublessor, be paid a lump sum fee by any assignee or sublessor which is not designated as prepaid rent and which is not Unrelated Consideration, Landlord shall be paid fifty percent (50%) of the positive difference, if any, between (i) such lump sum fee, less (ii) all rent paid by Tenant to Landlord pursuant to this Lease for the month in which such lump sum fee was paid, less (iii) any costs incurred by Tenant in connection with the assignment or subletting. If any lump sum is designated as prepaid rent, then Tenant shall pay to Landlord fifty percent (50%) of the excess of the lump sum amount over the amount of rent Tenant is required to pay hereunder for the period over which the prepaid rent relates. Tenant's obligations under this subparagraph shall survive any assignment or sublease, and Tenant's failure to perform its obligations under this subparagraph shall be a default under this Lease. At the time Tenant makes any payment to Landlord required by this subparagraph, Tenant shall deliver an itemized statement of the method by which the amount to which Landlord is entitled was calculated. Landlord shall have the right to inspect Tenant's books and records relating to the payments due pursuant to this subparagraph. Upon request therefore, Tenant shall deliver to Landlord copies of all bills, invoices, or other documents upon which its calculations are based. Landlord may condition its approval of a Transfer upon obtaining a certification from both Tenant and the proposed Transferee of all amounts that are to be paid to Tenant in connection with such Transfer. As used herein, the term "consideration" shall mean any consideration of any kind received, or to be received, by Tenant as a result of the Transfer, if such sums are related to Tenant's interest in this Lease or in the Premises.

D. Tenant irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent or other consideration not otherwise payable to Landlord by reason of any Transfer. Landlord, as assignee of Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent or other consideration and apply it toward Tenant's obligation under this Lease, provided, however, that until occurrence of any default by Tenant, Tenant shall have the right to collect such rent or other consideration.

E. Notwithstanding the foregoing, if immediately after the Transfer, Tenant is not conducting business from at least 200,000 rentable square feet of the Total Premises, then Landlord shall have the right, to be exercised by giving written notice to Tenant (within 20 days of Landlord's receipt of the transfer notice referred to in Paragraph 19B above), to recapture the space which is the subject of the transfer ("Subject Space"). If such recapture notice is given, it shall serve to terminate this Lease only with respect to the Subject Space, or, if the proposed Subject Space covers all the Premises, it shall serve to terminate this entire Lease; in either case, as of the proposed effective date of the transfer or upon Landlord's recapture

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

notice, whichever is later. If this Lease is terminated pursuant to the foregoing provision with respect to less than the entire Premises, the Rent shall be adjusted on the basis of the proportion of rentable square feet retained by Tenant to the rentable square feet demised immediately prior to the transfer and this Lease as so amended shall continue thereafter in full force and effect.

F. Notwithstanding the foregoing, without the prior consent of Landlord, Tenant shall have the right: (i) to assign this Lease or sublet the Premises to any affiliate or subsidiary of Tenant which affiliate or subsidiary is more than fifty percent (50%) owned, either directly or indirectly, by Tenant; or (ii) to merge with another corporation or entity so long as substantially all of the assets of Tenant are transferred and retained by the surviving corporation or entity excluding, however, any assets which may be required to be disposed of in order to make the transaction qualify under applicable antitrust laws, regulations or regulatory review; or (iii) to enter into an acquisition of another corporation; or (iv) have substantially all of its assets acquired by another corporation which other corporation assumes the obligations of this Lease (each, a "Permitted Assignment"), in each case provided that (a) Landlord is promptly provided with notice thereof following the effective date of such Permitted Assignment, (b) Tenant remains fully liable for the full performance of Tenant's obligations under the Lease to the extent Tenant survives following such Permitted Assignment, and (c) in the case of an assignment, the successor assumes in writing all obligations under this Lease and in the case of a sublease, the sublessee assumes, in writing, all obligations under this Lease applicable to the sublease premises. Any assignee or sublessee under a Permitted Assignment is herein referred to as a "Permitted Assignee".

20. **ENTRY BY LANDLORD:** Landlord reserves, and shall during normal business hours have, the right, upon no less than 2 business days' prior written notice to Tenant, to enter the Premises to inspect them; to perform any services to be provided by Landlord hereunder; to submit the Premises to prospective purchasers, mortgagors or tenants; to place "For Sale" signs (at any time) or "For Lease" signs (during the last twelve months of the term, or during the period of any default); to post notices of nonresponsibility; and to alter, improve or repair the Premises and any portion of the Complex, all without abatement of rent; and may erect scaffolding and other necessary structures in or through the Premises where reasonably required by the character of the work to be performed; provided, however, that the business of Tenant shall be interfered with to the least extent that is reasonably practical. For each of the foregoing purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Notwithstanding the foregoing, Tenant shall not be required to provide Landlord with keys to unlock interior office doors, or to unlock interior areas containing safes, computer servers, or sensitive, proprietary or confidential information of Tenant. Landlord shall also have the right at any time to change the arrangement or location of public parts of the Complex and to change the name, number or designation by which the Complex is commonly known, and none of the foregoing shall be deemed an actual or constructive eviction of Tenant, or shall entitle Tenant to any reduction of rent hereunder and no such changes shall unreasonably interfere with Tenant's use of or access to the Premises leased hereunder.

21. **DEFAULT/ REMEDIES**

A. **Default:** The following events shall constitute a default under this Lease:

1. The commencement of a bankruptcy action or liquidation action or reorganization action or insolvency action or an assignment of or by Tenant for the benefit of creditors, or any similar action undertaken by Tenant, or the insolvency of Tenant, shall, at Landlord's option, constitute a breach of this Lease by Tenant.

2. The failure to pay any monetary amount due under this Lease within ten (10) days after written notice to Tenant from Landlord that such amount is past due. It is expressly agreed that such ten (10) day notice of Landlord may be in the form of notice pursuant to California Code of Civil Procedure Section 1161, or any successor statute, providing ten (10) days to cure and if Tenant fails to so cure no further such notice shall be required of Landlord to commence an unlawful detainer proceeding.

3. The failure to perform or honor any other covenant, condition or representation made under this Lease, except for the events set forth above in Paragraphs 21A1 and 21A2 above, shall constitute a default hereunder by Tenant should Tenant not cure such failure within ten (10) days from the date of written notice from Landlord within which to cure. If such cure is not possible within such ten (10) day period notwithstanding commercially reasonable efforts by Tenant, Tenant shall not be in default if Tenant commences to cure within such ten (10) day period and diligently pursues the cure without delay. It is expressly agreed that such ten (10) day notice of Landlord may be in the form of notice pursuant to California Code of Civil Procedure

Section 1161, or any successor statute, providing ten (10) days to cure and if Tenant fails to so cure no further such notice shall be required of Landlord to commence an unlawful detainer proceeding.

B. Remedies: Upon a default of this Lease by Tenant, Landlord shall have the following rights and remedies in addition to any other rights or remedies available to Landlord at law or in equity:

1. The rights and remedies provided for by California Civil Code Section 1951.2, including but not limited to, recovery of the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of said Section 1951.2; and

2. The rights and remedies provided by California Civil Code 1951.4 which allows Landlord to continue the Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due, for so long as Landlord does not terminate Tenant's right to possession. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of Tenant's right to possession; and

3. The right to terminate this Lease by giving notice to Tenant in accordance with applicable law; and

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

5. The right to have a receiver appointed for Tenant upon application by Landlord, to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord pursuant to subparagraph (4) above; and

6. The right to any other amount to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would be likely to result therefrom, including without limitation (i) any costs expenses incurred by Landlord (in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning the Premises or any portion thereof, including such acts for reletting to a new lessee or lessees; (iii) for leasing commissions; (iv) any fines, costs, penalties and/or interest incurred by Landlord as a result of Tenant's late payment; or (v) for any other costs necessary or appropriate to relet the Premises; and

7. The right to all reasonable attorneys' fees incurred by Landlord as a result of Default, and costs in the event suit is filed by Landlord to enforce such remedy.

C. Cumulative Remedies: The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity.

D. No Possession: No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the

Premises by Tenant prior to the expiration of the Term, and such acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by Landlord. The surrender of this Lease by Tenant, voluntarily or otherwise, shall not work a merger unless Landlord elects in writing that such merger take place, but shall operate as an assignment to Landlord of any and all existing subleases, or Landlord may, at its option, elect in writing to treat such surrender as a merger terminating Tenant's estate under this Lease, and thereupon Landlord may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

E. **Cross-Default:** As a material part of the consideration for the execution of this Lease by Landlord and Tenant, it is agreed between Landlord and Tenant, that a default by Tenant or by Landlord under the Phase 2 Lease (as defined in the Paragraph entitled "Default" in the Phase 2 Lease) or under this Lease shall be considered to be a default under the Phase 2 Lease as well as this Lease. In the event of a default by Tenant or Landlord under the Phase 2 Lease, or this Lease, Landlord or Tenant may pursue the remedies permitted by law or pursuant to the terms of the Phase 2 Lease and this Lease, as if Tenant or Landlord had defaulted under any one or both of such leases.

22. [Intentionally Deleted]

23. DESTRUCTION: In the event the Premises are damaged or destroyed in whole or in part from any cause, or in the event any utility service servicing the Premises becomes completely inoperable, Landlord shall, within fifteen (15) business days of the event of such damage, destruction or cessation of service, notify Tenant in writing as to the approximate length of time necessary for Landlord to reconstruct the Premises to substantially its former condition or to have such utility services restored. If such estimate exceeds one hundred eighty (180) days from the date of damage, destruction or cessation of service, either party shall have the option, within thirty (30) days of Landlord's notice, to terminate this Lease as to only the Building as to which the damage or cessation has occurred or, if, as a result of such damage, destruction or cessation of service, Tenant is only able to occupy four (4) Buildings under both this Lease and the Phase 2 Lease, then in that event, Tenant may terminate this Lease in its entirety as well as the Phase 2 Lease in its entirety. In addition, if the reconstruction of the Premises or restoration of the utility service exceeds Landlord's estimate, as set forth in Landlord's notice, Tenant shall, once it becomes clear that such estimate will be exceeded until such time as the reconstruction or restoration is complete, have the right to terminate this Lease as to the Building as to which the damage or cessation has occurred or, if, as a result of such damage, destruction or cessation of service, Tenant is only able to occupy four (4) Buildings under both this Lease and the Phase 2 Lease, Tenant may terminate this Lease in its entirety as well as the Phase 2 Lease in its entirety. If such a termination occurs, the obligations under this Lease shall be equitably revised based on the square footage of the Premises terminated in relation to the total square footage of the Premises prior to termination. If neither party elects to terminate, or if neither party is entitled to terminate under this Paragraph, Landlord shall promptly, at its sole expense, rebuild or restore the Premises or the utilities to substantially the condition existing prior to the date of damage, destruction or cessation of service. Tenant shall be entitled to a reduction in rent while such repair is being made in the proportion that the area of the Premises is rendered unusable bears to the total square footage of the Premises. Notwithstanding anything herein to the contrary, Landlord's obligation to rebuild or restore shall be limited to the building, interior improvements and utilities as they existed as of the Commencement Date of the Lease, but shall not include (a) restoration of Tenant's trade fixtures, equipment, merchandise or any improvements, alterations or additions made by Tenant to the Premises, or (b) any damage caused by the act or breach of this Lease by Tenant, which damage Tenant shall forthwith replace or fully repair at Tenant's sole cost and expense. Unless a termination occurs pursuant to the foregoing provisions, this Lease shall remain in full force and effect as to the entirety of the Premises. Tenant hereby expressly waives the provisions of section 1932, Subdivision 2, and section 1933, Subdivision 4 of the California Civil Code.

Notwithstanding anything to the contrary set forth above, in the event the damage or destruction of the Premises (i) occurs during the last two years of the term (unless any applicable extension option has been exercised) and (ii) has rendered at least 50% of the Premises unusable by Tenant, Landlord shall have the option during the aforementioned fifteen (15) business day period to elect not to rebuild the Premises by so notifying Tenant, in which case Tenant may elect to terminate this Lease and/or the Phase 2 Lease by so notifying Landlord.

Notwithstanding the foregoing, in the event Landlord elects not to rebuild or restore the Premises or any Building constituting a portion of the Premises, and notifies Tenant that Landlord desires to terminate the Lease as to that Building, Tenant may, by providing written notice to Landlord within 30 days of the date it receives notice of Landlord's intent to terminate, elect to rebuild one or more of the Buildings which were so damaged. In the event Tenant makes the election set forth herein, then this Lease shall continue in full force and effect, and any insurance proceeds for the damage being repaired by Tenant shall be assigned to and paid over to Tenant to the extent Tenant pays the same for such restoration. Tenant shall then immediately

Charleston Intuit Lease
Phase 1—Buildings 1-5
August 4, 2003—Final

commence, at its sole cost and expense, restoring such Buildings to the condition they were in prior to the date of such destruction.

24. **EMINENT DOMAIN:** If all or any part of the Premises shall be taken by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, this Lease shall terminate as to any portion of the Premises so taken or conveyed on the date when title vests in the condemnor, and Landlord shall be entitled to any and all payment, income, rent, award or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance, and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired term of this Lease. Notwithstanding the foregoing Paragraph, any compensation specifically awarded Tenant for Tenant's personal property, relocation costs, business damage or business interruption, specifically excluding, however, the so called "bonus value" of this Lease, shall be and remain the property of Tenant (it being specifically acknowledged that Tenant shall not be entitled to any so called "bonus value" of the Lease).

In the event of a partial taking or conveyance of the Premises, if the portion of the Premises taken or conveyed is so substantial that the Tenant can no longer reasonably conduct its business from the remaining Premises, Tenant shall have the privilege of terminating this Lease. In addition, if the portion of the Premises which is taken that is contained in any Building renders that portion of the Premises unusable to Tenant, Tenant may terminate this Lease only as to the Building as to which the taking has occurred. Any termination hereunder must occur within sixty (60) days from the date of such taking or conveyance, upon written notice to Landlord of its intention so to do, and upon giving of such notice this Lease shall terminate on the last day of the calendar month next following the month in which such notice is given or upon the effective date of the taking, at Tenant's election, upon payment by Tenant of the rent through the date of termination.

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

25. **SALE OR CONVEYANCE BY LANDLORD:** In the event of a sale or conveyance of the Complex or any interest therein by Landlord, Landlord shall thereby be released from any liability relating to events occurring after the date of such sale or conveyance, and from any terms, covenants or conditions (express or implied) to be performed after the date of such sale or conveyance in favor of Tenant, and in such event, with respect to such items, Tenant agrees to look solely to the successor in interest of such transferor in and to the Complex and this Lease. This lease shall not be affected by any such sale or conveyance, and Tenant agrees to attorn to the successor in interest of such transferor.

26. **SUBORDINATION; ATTORNMENT; NON-DISTURBANCE.**

A. **Subordination.** Subject to the provisions of subparagraph (C), below, this Lease shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or mortgage (collectively, "Mortgage") now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof. Tenant agrees that any person holding any Mortgage shall have no duty, liability, or obligation to perform any of the obligations of Landlord under this Lease. In the event of Landlord's default with respect to any such obligation, Tenant will give any Lender, whose name and address have previously been furnished in writing to Tenant, notice of a default by Landlord; provided, however, that Tenant shall not be liable to any Lender for failure to provide the notice provided for herein. Tenant may not exercise any remedies for default by Landlord unless and until Landlord and the Lender shall have received written notice of such default and 30 days shall thereafter have elapsed without the default having been cured. If any Lender shall elect to have this Lease superior to the lien of its Mortgage and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such Mortgage.

B. **Attornment.** Subject to the nondisturbance provisions of subparagraph C of this Paragraph, Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Mortgage. In the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be liable for security deposits, unless same has been transferred to the acquiring party, or be bound by prepayment of more than one month's rent. Landlord represents and warrants that, as of the date hereof, there are no Mortgages encumbering the Complex.

C. **Ground Lease/Non-Disturbance.** Landlord hereby represents to Tenant that a

portion of the Complex is subject to a long-term ground lease. Landlord further represents to Tenant this Lease does not violate any of the terms and conditions of the ground lease. Landlord represents, warrants and covenants to Tenant that Landlord shall not, at any time during the Lease term, or any extension thereof, allow any default of the Ground Lease to continue that will cause the Ground Lease to terminate. Landlord represents that there are no existing Mortgage encumbering any portion of the Complex. With respect to a Mortgage entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving assurance (a "nondisturbance agreement") from the Mortgage holder in a commercially standard form that Tenant's possession and this Lease will not be disturbed so long as Tenant is not in default and attorns to the record owner of the Premises, and the subordination provided for under subparagraph (A), above, is expressly conditioned upon Tenant receiving a nondisturbance agreement. In addition, Landlord shall use commercially reasonable efforts to obtain from the ground lessor a non-disturbance and recognition agreement in a commercially standard form.

D. Self-Executing. The agreements contained in this Paragraph shall be effective without the execution of any further documents; provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing, or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or nonsubordination, attornment, and/or nondisturbance agreement, as is provided for herein.

27. HOLDING OVER: Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. If Tenant holds over with the consent of Landlord: (a) the Base Rent payable shall be increased to 150% of the Base Rent applicable during the month immediately preceding such expiration or earlier termination; (b) Tenant's right to possession shall be on a month to month basis, terminable on 30 days notice from either party; and (c) all other terms and conditions of this Lease shall continue to apply. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant.

28. ESTOPPEL CERTIFICATE:

A. Tenant shall at any time upon not less than thirty (30) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, are claimed, and (c) setting forth such other matters as Landlord may reasonably request. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modifications except as may be represented by Landlord; that there are no uncured defaults in Landlord's performance, that not more than one month's rent has been paid in advance, and that any other matters set forth in Landlord's request are true and correct.

B. Landlord shall at any time upon not less than thirty (30) days' prior written notice from Tenant, execute, acknowledge and deliver to Tenant a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, (b) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults, if any, are claimed, and (c) setting forth such other matters as Tenant may reasonably request. Any such statement may be conclusively relied upon by any prospective transferees of the Lease or subtenants of the Premises, or by any prospective purchaser of Tenant or of substantially all of the assets of Tenant.

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

30. RIGHT TO PERFORM:

A. All terms, covenants and conditions of this Lease to be performed or observed by Tenant shall be performed or observed by Tenant at Tenant's sole cost and expense and without any reduction of rent. If Tenant shall fail to pay any sum of money, or other rent, required to be paid by it hereunder or shall fail to commence to perform any other term or covenant hereunder on its part to be performed after expiration of all applicable notice and cure periods, Landlord, without waiving or releasing Tenant from any obligation of Tenant hereunder, may, but shall not be obligated to, make any such payment or perform any such other term or covenant on Tenant's part to be performed. All reasonable sums so paid by Landlord and all reasonably

necessary costs of such performance by Landlord together with interest thereon at the rate of the prime rate of interest per annum as quoted by the Bank of America from the date of such payment of performance by Landlord, shall be paid (and Tenant covenants to make such payment) to Landlord on demand by Landlord, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of non-payment by Tenant as in the case of failure by Tenant in the payment of rent hereunder.

B. All terms, covenants and conditions of this Lease to be performed or observed by Landlord shall be performed or observed by Landlord at Landlord's sole cost and expense (subject to reimbursement rights as specified elsewhere in this Lease). If Landlord shall fail to commence to perform any term or covenant hereunder on its part to be performed after expiration of all applicable notice and cure periods, Tenant, without waiving or releasing Landlord from any obligation of Landlord hereunder, may, but shall not be obligated to, perform any such other term or covenant on Landlord's part to be performed. All reasonable sums so paid by Tenant and all reasonably necessary costs of such performance by Tenant together with interest thereon at the rate of the prime rate of interest per annum as quoted by the Bank of America from the date of such payment of performance by Tenant, shall be paid (and Landlord covenants to make such payment) to Tenant on demand by Tenant.

31. ATTORNEYS' FEES:

A. In the event that Landlord should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease, or for any other relief against Tenant hereunder, or in the event that Tenant should bring suit against Landlord for the recovery of any sums due hereunder or because of the breach of any provision of this Lease or for any other relief against Landlord hereunder, then all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action.

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

33. **NOTICES:** Except as provided in any applicable unlawful detainer statutes, in which case Landlord may either elect that this notice provision shall not apply, or to serve such notices solely in accordance with this provision in which case the unlawful detainer statutes notice provision shall not apply; all notices, demands, requests, advices or designations which may be or are required to be given by either party to the other hereunder shall be in writing. All notices, demands, requests, advices or designations by Landlord to Tenant shall be sufficiently given, made or delivered if personally served, or if sent by United States certified or registered mail, postage prepaid, or by recognized overnight delivery service (such as Federal Express or United Parcel Service), addressed to Tenant as set forth below, or to such other address as Tenant may direct by written notice to Landlord. All notices, demands, requests, advices or designations by Tenant to Landlord shall be sufficiently given, made or delivered if personally served, or if sent by United States certified or registered mail, postage prepaid, or by recognized overnight delivery service (such as Federal Express or United Parcel Service) addressed to Landlord at its offices at 3201 Ash Street, Palo Alto, CA 94306 with a copy to Landlord's property manager, Willis and Company, 1793 Lafayette Street, Suite 220, Santa Clara, 95050 or to such other addresses as Landlord may direct by written notice to Tenant. Each notice, request, demand advice or designation referred to in this Paragraph shall be deemed received: (i) on the date served if personally served; (ii) three (3) business days after mailing if mailed by United States Postal Service in the manner herein provided; or (iii) one (1) business days after sending, if sent via recognized overnight delivery service. Tenant's address for notices shall be as follows:

2632 Marine Way
Mountain View, CA 94043
Attention: Director, Corporate Services

and, with respect to all legal notices, a copy to

2632 Marine Way
Mountain View, CA 94043
Attention: General Counsel

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

35. **DEFAULT BY LANDLORD:** Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord (and to the holder of any mortgage or deed of trust covering the Premises whose name and address shall have heretofore been furnished to Tenant in writing), specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligations is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Notwithstanding the foregoing, Landlord and Tenant agree that under certain "emergency circumstances", Tenant shall have the right to perform obligations otherwise required of Landlord without the necessity of providing Landlord (and any Mortgagee) with any notice or opportunity to cure. Under such emergency circumstances, Tenant shall use its good faith reasonable judgment in determining a shorter notice period for response by Landlord or determining that the matter at hand must be resolved immediately such that notice can only be given after the fact. For the purposes hereof, "emergency circumstances" shall mean: (i) any hazardous situation that poses a threat of damage, destruction or injury to any person or property of a material nature or otherwise threatens the safety of employees and/or visitors to the Premises; or (ii) any other circumstance that involves a substantial interference with the operations of Tenant's business enterprise in the Premises, including, without limitation, the launching of new software products or revisions thereto (especially to correct existing problems which must be addressed immediately) to enable customers to perform needed financial and tax-related functions, which is of special concern during the months preceding April 15th of each calendar year.

36. **CORPORATE AUTHORITY:** If Tenant is a corporation, a partnership, a limited liability company, or any other form of entity, each individual executing this Lease on behalf of said entity represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said entity in accordance with the organizational documents of said entity and that this lease is binding upon said entity.

37. **Intentionally Deleted.**

38. **LIMITATION OF LIABILITY:** In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:

A. The sole and exclusive remedy shall be against Landlord and Landlord's assets;

B. No partner of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of the partnership)

C. No service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction of the partnership)

D. No partner of Landlord shall be required to answer or otherwise plead to any service of process;

E. No judgment shall be taken against any partner of Landlord;

F. Any judgment taken against any partner of Landlord may be vacated and set aside at any time without hearing;

G. No writ of execution will ever be levied against the assets of any partner of Landlord;

H. These covenants and agreements are enforceable both by Landlord and also by any partner of Landlord.

I. The term, "Landlord", as used in this Paragraph, shall mean only the owner or owners from time to time of the fee title or the tenant's interest under a ground lease of the land described in **Exhibit "B"**.

39. **BROKERS:** Tenant warrants that it had dealing with only The Staubach Company, which represents Tenant, in connection with the negotiation of this Lease. Tenant knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay The Staubach Company a brokerage commission, pursuant to a separate written commission agreement between Landlord and The

Staubach Company in connection with this Lease.

40. **SIGNS:** No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside of the Premises or any exterior windows of the Premises without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, conditioned or delayed, and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. If Tenant is allowed to print or affix or in any way place a sign in, on, or about the Premises, then upon expiration or other sooner termination of this Lease, Tenant at Tenant's sole cost and expense shall both remove such sign and repair all damage in such manner as to restore all aspects of the appearance of the Premises to the condition prior to the placement of said sign. Subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant may, at its sole cost and expense, install a monument sign located at the main driveway entrance to the Complex; install suitable Building signage adjacent to the Premises; and install suitable directional signage in the Common Areas.

All approved signs or lettering on outside doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

All of Tenant's existing signage for which Landlord previously approved may remain.

All signage must comply with all applicable laws.

41. **FINANCIAL STATEMENTS:** If Tenant tenders to Landlord any information in connection with this Lease on the financial stability, credit worthiness or ability of the Tenant to pay the rent due and owing under the Lease, then Landlord shall be entitled to rely upon the information provided in determining whether or not to enter into this Lease Agreement with Tenant and Tenant hereby represents and warrants to Landlord the following: (a) that all documents provided by Tenant to Landlord are true and correct copies of the original; and (b) Tenant has not withheld any information from Landlord which is material to Tenant's credit worthiness, financial condition or ability to pay the rent; and (c) all written information supplied by Tenant to Landlord in connection with this Lease is true, correct and accurate in all material respects; and (d) no part of the information supplied by Tenant to Landlord contains misleading or fraudulent statements as to any material matter in every material aspect. Nothing contained herein, however, shall require Tenant to render any financial information to Landlord unless otherwise specifically provided.

42. **HAZARDOUS MATERIALS:**

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

B. Landlord represents to the best of its knowledge, without any investigation, nor the duty to investigate, that there are no Hazardous Materials on the Premises which are in violation of applicable laws. On a strictly confidential basis, Owner will deliver copies to Intuit of any reports concerning the Hazardous Materials condition of the Premises currently in its possession or that Landlord receives in the future. Intuit shall not deliver such documents nor disclose the contents thereof to any third party absent Owner's written consent.

C. Tenant shall not cause any Hazardous Material to be improperly or illegally used, stored, discharged, released or disposed of in, from, under or about the Premises or the Complex, or any other land or improvements in the vicinity of the Premises or the Complex. Without limiting the generality of the foregoing, Tenant, at its sole cost shall comply with all laws relating to Hazardous Materials that it uses at the Premises. If Tenant or Tenant's guests, invitees, contractors or agents use, storage, discharge, release or disposition of Hazardous Materials on the Premises results in contamination of the Premises or the Complex or any soil in or about the Premises or the Complex, Tenant, at its sole expense shall promptly take all actions necessary to remediate the Premises or the Complex, or any soil in or about the Premises or the Complex, of any such

Hazardous Materials which are present as a result of Tenant or Tenant's guests, invitees, contractors or agents use, storage, discharge, release or disposition to the full extent required by law. The termination of this Lease shall not terminate or reduce the liability or obligations of Tenant under this Paragraph, or as may be required by law, to clean up, monitor or remove any Hazardous Materials from the Premises or the Complex.

Tenant shall defend, hold harmless and indemnify Landlord and its agents and employees with respect to all claims, damages and liabilities arising out of or in connection with Tenant's use, storage, discharge, release or disposition of Hazardous Materials in, from, under or about the Premises or the Complex during the Lease term and whether or not Tenant had knowledge of such Hazardous Material, including, without limitation, any cost of monitoring or removal, any reduction in the fair market value or fair rental value of the Premises or the Complex and any loss, claim or demand by any third person or entity relating to bodily injury or damage to real or personal property.

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

D. In the event Hazardous Materials are discovered in or about the Premises or the Complex, and Landlord has substantial reason to believe that Tenant was responsible for the presence of the Hazardous Material, then Landlord shall have the right to appoint a consultant, at Landlord's expense, to conduct an investigation to determine whether Hazardous Materials are located in or about the Premises or the Complex and to determine the corrective measures, if any, required to remove such Hazardous Materials. If Landlord can show that Tenant was responsible for the presence of specific Hazardous Materials in, on or about the Premises or the Complex, then Tenant, at its expense, shall take such action to remediate such Hazardous Materials for which it was responsible from the Premises and the Complex to the full extent required by law, and shall reimburse Landlord for the cost of its consultant. To the extent Landlord cannot show that Tenant was responsible for the presence of specific Hazardous Materials, then Landlord shall be responsible for any costs incurred under the terms of this Paragraph, and shall reimburse Tenant for any costs incurred by Tenant in responding to Landlord's investigation.

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

E. Tenant shall surrender the Premises to Landlord, upon the expiration or earlier termination of the Lease, free of Hazardous Materials the presence of which were caused by Tenant or Tenant's guests, invitees, contractors or agents. If Tenant fails to so surrender the Premises, Tenant shall indemnify and hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises as required by this Paragraph, including, without limitation, damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or rental value of the Premises or the Complex by reason of the existence of any Hazardous Materials, which are or were caused by Tenant, in or around the Premises or the Complex. Tenant's indemnity of Landlord as described in this Paragraph 42 shall survive the termination of this Lease.

F. Prior to executing this Lease, Tenant shall provide to Landlord a complete list of all chemicals, toxic waste or Hazardous Materials employed by Tenant within the Premises and the amounts of such employment. Throughout the terms of the Lease, Tenant shall continue to update this list of chemicals, contaminants and Hazardous Materials and the amounts employed by Tenant, its employees, agents or contractors prior to Tenant's use or storage of any materials that requires such list to be updated. Notwithstanding the foregoing, the provisions of this subparagraph shall not apply to Hazardous Materials normally used in an office environment.

G. Landlord shall be responsible for all costs incurred in connection with the investigation, remediation, monitoring and removal of any Hazardous Materials present in, on or about the Premises or the Complex, or the soil, subsoil or water beneath the Premises or the Complex, which was caused by Landlord or Landlord's agents. Landlord shall indemnify and hold Tenant and each Tenant Indemnitee harmless from and against any and all claims, liabilities, causes of action, damages, remediation costs, monitoring costs, clean-up costs, and other costs and expenses (including, without limitation, attorneys' fees) incurred by Tenant and/or any Tenant Indemnitee as a result of any Hazardous Material being present in, on or about the Premises or the Complex, or the soil, subsoil or water beneath the Complex, to the extent such was caused by Landlord or

Landlord's agents. Landlord's indemnity of Tenant as described in this Paragraph 42 shall survive the termination of this Lease.

H. Tenant shall not be liable for nor otherwise obligated to Landlord under any provision of this Lease with respect to any claim, cost, expense or damage resulting from any Hazardous Material present upon the Premises or the Complex to the extent not caused by Tenant or Tenant's guests, invitees, contractors, agents or employees; provided, however, Tenant shall be fully liable for and otherwise obligated to Landlord under the provisions of this Lease for all liabilities, costs, damages, penalties, claims, judgments, expenses (including, without limitation, attorneys' and experts' fees and costs) and losses to the extent Tenant or Tenant's guests, invitees, contractors, agents or employees contributes to the presence of such Hazardous Materials or Tenant or Tenant's guests, invitees, contractors, agents or employees exacerbates the conditions caused by such Hazardous Materials.

I. Except for any Hazardous Materials required to be monitored, remediated or removed by Tenant under and pursuant to this Lease, Landlord agrees that, if and only to the extent required by any governmental entity having jurisdiction over the Complex in a final non-appealable order issued against Tenant, it shall monitor, remediate or remove, or cause to be monitored, remediated or removed: (i) any Hazardous Materials which existed on the Complex as of the effective date of this Lease that were not caused by Tenant or Tenant's guests, invitees, contractors or agents, and (ii) any Hazardous Materials introduced to the Complex after the effective date of this Lease that were not caused by Tenant or Tenant's guests, invitees, contractors or agents.

43. MISCELLANEOUS AND GENERAL PROVISIONS

A. [Intentionally Deleted]

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

C. The term "Premises" includes the space leased hereby and any improvements now or hereafter installed therein or attached thereto. The term "Landlord" or any pronoun used in place thereof includes the plural as well as the singular and the successors and assigns of Landlord. The term "Tenant" or any pronoun used in place thereof includes the plural as well as the singular and its successors and assigns, according to the context hereof, and the provisions of this Lease shall inure to the benefit of and bind such successors and assigns.

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

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

F. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within thirty (30) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any title company licensed to operate in the State of California, to remove the cloud or encumbrance created by this Lease from the real property of which Tenant's Premises are a part.

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

H. Tenant shall not record this Lease or a short form memorandum hereof without the consent of Landlord.

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

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

Charleston Intuit Lease
Phase 1-Buildings 1-5
August 4, 2003-Final

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

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

M. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies in law or in equity.

N. Tenant acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures. Landlord has no obligations to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents, invitees and their property from the acts of third parties.

O. Landlord reserves the right to grant easements that Landlord deems necessary and to cause the recordation of parcel maps, so long as such easements and maps do not unreasonably or materially interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easements or maps.

44. TERMINATION OPTIONS:

A. **Building 3 — 2535 Garcia.** During the initial Term of this Lease, Tenant, upon no less than twelve (12) months prior written notice to Landlord, which notice may be given any time after July 31, 2008 (so long as the Building 3 Termination Effective Date, defined below, occurs prior to expiration of the initial term of this Lease), shall have the ongoing right to terminate this Lease as it applies to Building 3 — 2535 Garcia, which termination shall be effective on the date specified in the notice (the "Building 3 Termination Effective Date"). Tenant shall pay to Landlord on the Building 3 Termination Effective Date a termination fee equal to the number of months following the Building 3 Termination Effective Date which remain in the then existing Lease term divided by 120 months x \$12.00 per square foot. For example, if, on the Building 3 Termination Effective Date Tenant, there are 48 months remaining in the existing Lease term, Tenant shall pay Landlord \$207,633.60 ($48/120=.4$; $\$12.00 \times 43,357=519,084$; $.4 \times 519,084=207,633.60$). From and after the Building 3 Termination Effective Date, the Base Rent shall be reduced by an amount equal to the Base Rent per square foot being paid by Tenant for the Premises immediately prior to such termination multiplied by the square feet in Building 3 — 2535 Garcia, and the Proportionate Share shall be reduced to equal the amount of rentable square feet in the Premises immediately after such termination divided by the amount of rentable square feet in the Complex.

B. **Building 4 — 2475 Garcia and Building 5 — 2525 Garcia.** In the event Tenant exercises the option set forth above in Paragraph 44 A, and only in that event, Tenant, upon no less than twelve (12) months prior written notice to Landlord, which notice may be given any time after the Building 3 Termination Effective Date but at least thirty days prior to the expiration of this Lease and the Phase 2 Lease (after taking into account the exercise of any options to extend this Lease and/or the Phase 2 Lease) (at which point the option set forth in this Paragraph shall terminate), shall have the ongoing right to terminate this Lease as it applies to both Building 4 — 2475 Garcia and Building 5 — 2525 Garcia, but only with respect to both Buildings, which termination shall be effective on the date specified in the notice (the "Buildings 4 and 5 Termination Effective Date"). From and after the Buildings 4 and 5 Termination Effective Date, the Base Rent shall be reduced by an amount equal to the Base Rent per square foot being paid by Tenant for the Premises immediately prior to such termination multiplied by the square feet in Building 4 — 2475 Garcia and Building 5 — 2525 Garcia, and the Proportionate Share shall be reduced to equal the amount of rentable square feet in the Premises immediately after such termination divided by the amount of rentable square feet in the Complex.

1. **Landlord's Extension Option:** In the event Tenant exercises its option to terminate as set forth in this Paragraph 44 B, Landlord shall have, at its sole option, the right to extend the term of this Lease and the Phase 2 Lease for a period of two (2) years, on the same terms and conditions of the respective lease except for Base Rent which shall be increased by three percent (3%), from the last Base rent in effect, at the beginning of each of the two year extension periods. This option shall be exercised, if at all, within thirty (30) days after receipt of the termination notice provided in Paragraph 44 B, above.

45. **RIGHT OF FIRST REFUSAL:** Provided (i) Tenant is not in default after any applicable notice and cure period under any of the terms, covenants or conditions of this Lease or of the Phase 2 Lease and (ii) Tenant is and/or its Permitted Assignees are occupying or conducting business from at least 200,000 rentable square feet of the Total Premises, and subject to the terms and conditions set forth hereafter, during the term of this Lease, Tenant shall have the ongoing right of first refusal ("Right of First Refusal") to lease available space in

the building located at 2350 Bayshore Parkway, Mountain View, California containing approximately 42,632 rentable square feet (“Building 9 — 2350 Bayshore Parkway”) and the building located at 1500 Salado Drive, Mountain View, California containing approximately 42,632 rentable square feet (“Building 10 — 1500 Salado”) (collectively “Right of First Refusal Buildings”), which may become available for lease as provided below. Notwithstanding anything herein to the contrary, Tenant’s Right of First Refusal set forth herein shall be subject and subordinate to all expansion, first offer and similar rights currently set forth in any lease which has been executed as of the date of execution of this Lease (collectively, the “Superior Rights”).

Should Landlord be prepared to enter into a letter of intent to lease all or a portion of the First Right of Refusal Buildings, upon terms that are acceptable to both Landlord and a tenant, Landlord shall give written notice to Tenant of such terms. Tenant may elect to accept the terms proposed by responding, in writing, with an unqualified acceptance of such terms within five (5) business days after receiving Landlord’s written notice. In such event, such space shall be leased to Tenant on the same terms and conditions set forth in this Lease except as modified by the express terms of such proposal. If Tenant does not respond in writing to Landlord’s Right of First Refusal Notice within such time period, Tenant shall be deemed to have elected not to lease the Right of First Refusal Buildings pursuant to such notice; provided, however, that if Landlord does not execute a binding lease agreement containing the terms and conditions specified in the notice within one hundred twenty (120) days of the date of the notice, or in the event Landlord and the prospective tenant negotiate terms and conditions materially more favorable to the tenant than is specified in the notice, this shall constitute a new letter of intent which shall be subject to all of the terms and conditions contained in this Paragraph 45.

If Tenant timely exercises this Right of First Refusal as set forth herein, the parties shall have thirty (30) business days after Landlord receives Tenant’s Election Notice, enter into a Lease for the Right of First Refusal Buildings. Notwithstanding anything to the contrary contained herein, Tenant must elect to exercise its Right of First Refusal provided herein, if at all, with respect to all of the space offered by Landlord to Tenant in Landlord’s notice at any particular time, and Tenant may not elect to lease only a portion thereof.

[Remainder of Page Intentionally Left Blank]

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

LANDLORD:

CHARLESTON PROPERTIES
A California General Partnership

By /s/ (Illegible)

Title: General Partner

Date: 9 Aug 03

REVIEWED BY:
/s/ (Illegible) INITIAL
INTUIT LEGAL

TENANT:

INTUIT, INC
A Delaware Corporation

By /s/ Robert B. Henske

Title: Sr. VP, Chief Financial Officer

By /s/ Janelle Wolf

Title: Assistant Secretary

Date: August 4, 2003

[Signature Page -Lease Agreement (Phase 1-Buildings 1-5)]

Exhibit A
Depiction of Leased Premises
[Hatch Marked]



Exhibit B
Depiction of Complex
[Hatch Marked]

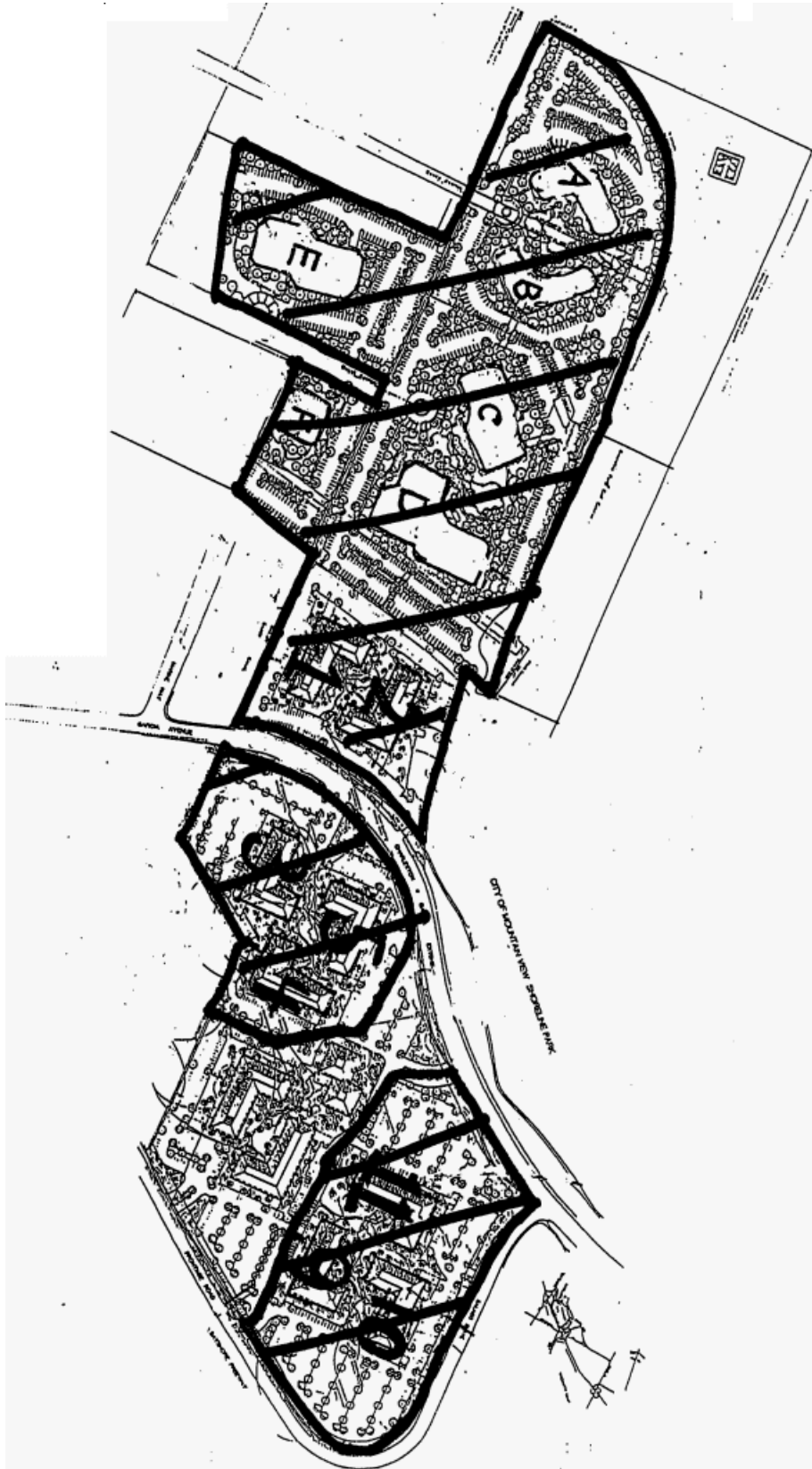


Exhibit C
Covenant, Condition and Restrictions

DECLARATION BY LESSEE OF ESTABLISHMENT OF
EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made as of the first (1st) day of March, 1982, by CHARLESTON PROPERTIES, a California General Partnership ("Charleston"), as LESSEE of those certain three (3) parcels (Parcel II, Parcel III, and Parcel IV), leased from Juana Salado, as Trustee of the Salado Living Trust, as LESSOR, located in Mountain View, California, and being described in Exhibit "A" hereto, which exhibit by this reference being made a part hereof.

I. DECLARATION.

Charleston does hereby declare that it has established and does establish mutual ingress and egress easements for the foregoing parcels which are for the mutual benefit of such parcels and of any portion thereof, and shall run with the respective interest of all "Parties" in such parcels, as the term "Parties" is hereinbelow defined, and shall inure to and pass with such parcels and shall apply to and bind the respective successors in interest thereof, and all and each thereof is imposed upon such parcels and any portion thereof.

II. DEFINITIONS.

(a) Party. The term "Party" shall mean Charleston and any successor in interest thereto which acquires Charleston's leasehold interest in or to any parcel, except that such a successor shall not become a Party:

EXHIBIT C

1. While and so long as the transferring party retains the entire possessory interest in the parcel or portion thereof so conveyed by the terms of a deed of trust or mortgage, in which event the party owning such possessory interest shall have the status of Party.

2. If the transfer or conveyance is followed immediately by a subleaseback of the same parcel or portion thereof to such party, or an affiliate thereof, in which event only the sublessee thereof after the subleaseback shall have the status of Party so long as the sublease in question has not expired or been terminated.

3. If the transfer or conveyance is by way of sublease from Charleston or its successor Party to a tenant occupying space in a building located on Parcel II, Parcel III, or Parcel IV.

Upon any transfer or conveyance, which transfer or conveyance would create a new Party, pursuant to the provisions hereof, then the powers, rights and interests herein conferred upon such new Party with respect to the parcel so conveyed, shall be deemed assigned, transferred or conveyed to such transferee or grantee, and the obligations herein conferred upon such new Party shall be deemed assumed by such transferee or grantee with respect to the parcel so acquired.

(b) Beneficial Users. All owners, lessees and occupants of land lying within the parcels and all customers and other business invitees of such owners, lessees and occupants shall be referred to as "Beneficial Users".

(c) Common Ingress and Egress. The Common Ingress and Egress provided for hereunder shall be non-exclusive and only over the roadways crosshatched in red on Exhibit "B", attached hereto and by this reference made a part hereof.

III. GRANT OF EASEMENTS.

(a) Charleston declares the existence of and grants to all subsequent Parties, for their respective use, and for the use of all Beneficial Users in common with all others entitled to use the same (subject to the provisions of Paragraph VI and XV hereof) non-exclusive easements for Common Ingress and Egress of the three parcels for vehicular and pedestrian ingress to and egress from each such parcel over the driveways crosshatched in red on said Exhibit "B", attached hereto.

IV. USE AND MAINTENANCE OF THE COMMON INGRESS AND EGRESS.

(a) All Beneficial Users shall have the nonexclusive right to use the Common Ingress and Egress easements subject to any rules and regulations which may be adopted for the use thereof by all Parties hereto subject to the provisions of Paragraphs VI and XV, hereof. Such rules and regulations, if so adopted, shall apply equally and without discrimination to all Beneficial Users of all such parcels. If unauthorized use is being made of any of the Common Ingress and Egress, any Party may restrain or terminate such unauthorized use by appropriate proceedings.

(b) The use of the Common Ingress and Egress shall be restricted to vehicular and pedestrian traffic and no solicitation of any kind shall be permitted.

(c) Each Party shall operate and maintain, or cause to be operated and maintained, the improved Common Ingress and Egress on its respective parcel in good order, condition and repair. Without limiting the generality of the foregoing, each Party, in the maintenance of the developed Common Ingress and Egress on its parcel, shall observe the following standards:

1. Maintain the surface of the roadways and driveways smooth and evenly covered with the type of surfacing material as shall be in all respects of first-class quality, appearance and durability.

2. Maintain the landscaping and planting areas in the roadways and driveways in a first-class type manner.
3. Remove all papers, debris, filth and refuse and wash or thoroughly sweep.
4. Repaint striping, markers, and directional signs as necessary to maintain in first-class condition.

(d) Each Party shall indemnify and hold harmless each other Party from and against all claims and all costs, expenses and liability (including reasonable attorneys' fees) incurred in connection with all claims, including any action or proceedings brought thereon, arising from or as a result of the death of or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person as shall occur in or about the Common Ingress and Egress for which each such Party is responsible for the maintenance. The indemnity herein provided for shall not extend to any negligent act or omission of any other Party or of the respective agents, servants, employees, licensees, or concessionaires of any thereof.

V. EXCUSE FOR NON-PERFORMANCE.

A Party shall be excused from performing any obligation or undertaking provided in this Declaration, except any obligation to pay any sums of money under the applicable provisions hereof (except where otherwise herein provided), in the event and so long as the performance of any such obligation is prevented or delayed, retarded or hindered by Act of God, fire, earthquake, floods, explosion, actions of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or general shortage of labor, equipment facilities, materials, or supplies in the open market, failure of transportation, strikes, lockouts, action of labor unions,

condemnation, requisition, laws, orders or failure to act of governmental or civil or military or naval authorities, or any other cause, whether similar or dissimilar to the foregoing, not within the reasonable respective control of such Party.

VI. DURATION.

Each easement, covenant, restriction, and undertaking of this Declaration shall terminate upon the earlier to occur of (a) September 20, 2053, or (b) the time when (i) no ground lease shall be in effect with respect to any such parcel and (ii) the owner of the fee interest in all parcels shall be the same party or (c) when the loans to First Interstate Bank affecting the properties set forth in Exhibit "A" have been paid off.

VII. ATTORNEYS' FEES.

In the event that at any time during the term of this Declaration any Party or Parties shall institute any action or proceeding against the other or others relating to the provisions of this Declaration or any default hereunder, the unsuccessful Party or Parties in such action or proceedings agree to reimburse the successful Party or Parties therein for the reasonable attorneys' fees and disbursements incurred therein by the successful Party or Parties.

VIII. PAYMENT ON DEFAULT.

If pursuant to this Declaration any Party is compelled or elects to pay any sum of money or do any act or acts which require the payment of money by reason of any other Party's failure or inability to perform any of the terms and provisions in this Declaration to be performed by such other Party, the defaulting Party shall promptly, upon demand, reimburse the paying Party for such sums, and all such sums shall bear interest at the rate of the prime rate of interest quoted by the Wells Fargo Bank per annum from the date

of expenditure until the date of such reimbursement. Any other sums payable by any Party to any other pursuant to the provisions of this Declaration that shall not be paid when due, shall bear interest at the rate of the prime rate of interest quoted by the Wells Fargo Bank per annum from the due date to the date of payment thereof. If such repayment shall not be made within ten (10) days after such demand is made, the Party having so paid shall have the right to deduct the amount thereof, together with interest as aforesaid, without liability or forfeiture, from any sums then due or thereafter becoming due from it to the defaulting Party hereunder.

Any deduction made by any Party pursuant to the provisions hereinabove from any sums due or payable by it hereunder shall not constitute a default in the payment thereof unless such Party fails to pay the amount of such deduction to the Party to whom the sum is owing within thirty (30) days after final adjudication that such amount is owing. The option given in this section is for the sole protection of the Party so paying and its existence shall not release the defaulting Party from the obligation to perform the term, provisions, covenants, and conditions herein provided to be performed thereby or deprive the Party so paying of any legal rights which it may have by reason of any such default.

IX. SEVERABILITY

If any term, provision, or condition contained in this Declaration shall, to any extent, be invalid or unenforceable, the remainder of this Declaration (or the application of such term, provision, or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby, and each term, provision, and condition of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

X. GOVERNING LAWS.

This Declaration shall be construed in accordance with the laws of the State of California.

XI. CAPTIONS.

The captions of the sections of this Declaration are for convenience only and shall not be considered nor referred to in resolving questions of interpretation or construction.

XII. TIME OF ESSENCE.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Declaration.

XIII. NOT A PUBLIC DEDICATION.

Nothing herein contained shall be deemed to be a gift or dedication of any portion of any parcel to the general public or for the general public or for any public purpose whatsoever, it being intended that this Declaration shall be strictly limited to and for the time period and the purposes herein expressed.

XIV. BREACH SHALL NOT PERMIT TERMINATION.

Except as expressly provided herein, no breach of this Declaration shall entitle any Party to cancel or rescind or otherwise terminate this Declaration, but such limitation shall not affect in any manner any other right or remedies which a Party may have hereunder by reason of any breach of this Declaration.

XV. MODIFICATION PROVISIONS.

Notwithstanding anything herein to the contrary, this Declaration may be modified in any respect whatsoever or rescinded in whole or in part, by written instrument duly executed and acknowledged by all of the Parties.

XVI. NOTICES.

Any notice, demand, request, consent, approval, designation or other communication with any Party is required or desires to give or make or communicate to any other Party shall be in writing and shall be given or made or communicated by United States registered or certified mail, addressed in the case of Charleston to:

Charleston Properties
755 Page Mill Road, Suite A-200
Palo Alto, California 94304

subject to the right of any Party to designate a new address by notice similarly given. Any notice, demand, request, consent, approval, designation, or other communication so sent shall be deemed to have been given, made, or communicated, as the case may be, on the date the same was deposited in the United States mail as registered or certified matter, with postage thereon fully paid.

IN WITNESS WHEREOF, Charleston has executed this instrument.

CHARLESTON PROPERTIES
a California General Partnership

By /s/ [Illegible]

By /s/ [Illegible]

Recording requested by and
upon recording, return to:
Charleston Properties
755 Page Mill Road, Suite A200
Palo Alto, CA 94304

DECLARATION ESTABLISHING RESTRICTIVE COVENANT

THIS DECLARATION is made on the date hereafter set forth by Juana Salado, as Trustee of the Salado Living Trust dated June 7, 1976, Manuel A. Salado, Jr., Clarence A. Salado, Walter A. Salado, Richard M. Salado, and Harold A. Salado, each jointly hereinafter referred to as "Declarants".

WHEREAS, the Declarants are the owners of that certain real property located in the City of Mountain View, County of Santa Clara, State of California, more particularly described on Exhibit A, attached hereto and incorporated herein by reference, (the Property); and

WHEREAS, by Application Number 184-85-PM, Charleston Properties, Ground Lessee of Declarants, has applied to the City of Mountain View (the City) for approval of a parcel map dividing the Property into three resulting parcels (Parcel 1, Parcel 2, and Parcel 3), a copy of the parcel map is attached hereto as Exhibit B; and

WHEREAS, the City of Mountain View has conditionally approved said application for parcel map; and

WHEREAS, a condition of said approval requires that Declarants record a Deed Restriction acceptable to the City which may not be modified without the City's consent and to which the City agrees to be bound as set forth below, declaring that the combined total area of the Property shall be used to determine the allowable combined square footage ratio for all buildings to be constructed on Parcels 1, 2, and 3; and

WHEREAS, it is the express purpose of Declarants to satisfy said condition, by the execution, acknowledgement, and recordation of this Declaration creating the restrictive covenant referred to herein, which said act Declarants would not do, but for the requirement of the City to be bound by the terms of the restrictive covenant;

NOW, THEREFORE, Declarants hereby declare that they have established and do hereby establish and adopt the restrictive covenant contained herein upon the Property and the Property and each portion thereof shall be held, used, leased, encumbered, sold, and conveyed, subject to this Declaration and the restrictive covenant contained herein. This Declaration shall run with the Property and shall be binding upon all parties having or acquiring any right, title, or interest in the Property or any portion thereof and their respective successors-in-interest, as follows:

1. Restrictive Covenant. As a result of the subdivision resulting from the recording of the parcel map which configures the three resulting lots as set forth on Exhibit B, the combined total area of Parcels 1, 2, and 3 of 20.432 acres shall be used to determine the allowable combined square footage ratio for all buildings built on the Property. Based on a floor area ratio of 13,000 square feet of floor area per acre, the combined total floor area on these parcels shall not exceed 265,616 square feet. In the event any building located on the Property is partially or totally destroyed, the buildings may be rebuilt, up to the square footages set forth above. If, in the future, a greater density of square footage is allowed to be built on the Property, the owners of the Property shall be entitled to build additional square footage of buildings on each Parcel in accordance with the ratios established.

2. Covenant Shall Run With the Land. The restrictive covenant contained in paragraph 1 shall be binding upon the owners of the Property and their successors and assigns, mortgagees, lessees, invitees, and all other person acquiring the Property, or any portion thereof, or any interest therein, whether by operation of law or in any other manner whatsoever. Said restrictive covenant shall be a covenant running with the land pursuant to applicable law of the State of California.

3. Mortgagee Protection. No breach or violation of the restrictive covenant contained herein shall defeat, render invalid, diminish, or impair the lien of any mortgage or deed of trust made in good faith and for value encumbering the Property or any portion thereof, but said restrictive covenant shall be binding upon and effective against each owner of the Property, or any portion thereof, whose title thereof is acquired by foreclosure, trustee sale, or otherwise.

4. Amendment and Termination. This Declaration shall be effective as of the date of recordation hereof in the Office of the Santa Clara County Recorder, and shall continue in effect thereafter for an indefinite period. This Declaration may be amended in whole or in part or terminated only by a written instrument executed by Declarants, or by any successor-in-interest declarant, and an authorized representative of the City of Mountain View, provided such instrument is thereafter recorded in the Office of Santa Clara County Recorder. Nothing herein shall be deemed to require the approval or consent of any other owner or occupant of any other parcel or real property located in the City of Mountain View, for the amendment, in whole or in part, or for the termination of this Declaration.

5. Notices. Any notice required or permitted to be sent to any person under the provisions of this Declaration shall be in writing and shall be deemed to have been properly sent when delivered personally or mailed, postage prepaid, if to the Declarants, or to the City of Mountain View, to the last known address of any such person at the time of such mailing. In the event that the Property is owned at any time by more than one person, as co-owners, any such notice may be delivered or sent to any one of the co-owners on behalf of all co-owners of the Property.

IN WITNESS WHEREOF, the undersigned Declarants have signed this Declaration on JAN. 24, 1986.

Juana Salado, as Trustee of the
Salado Living Trust
dated June 7, 1976

/s/ Juana Salado

/s/ Manuel A. Salado, Jr.

Manuel A. Salado, Jr.

by: /s/ Walter A. Salado

Walter A. Salado
Attorney-in-Fact

/s/ Clarence A. Salado

Clarence A. Salado

by: /s/ Walter A. Salado

Walter A. Salado
Attorney-in-Fact

Walter A. Salado

/s/ Walter A. Salado

Walter A. Salado

/s/ Richard M. Salado

Richard M. Salado

by: /s/ Walter A. Salado

Walter A. Salado
Attorney-in-Fact

/s/ Harold A. Salado

Harold A. Salado

by: /s/ Walter A. Salado

Walter A. Salado
Attorney-in-Fact

When Recorded Return To:

City Attorney
540 Castro Street
City of Mountain View
Mountain View , CA 94041

COVENANT RUNNING WITH THE LAND

Owner and Lessee have prepared a four-lot subdivision generally described as shown on Exhibit A attached hereto and incorporated herein by reference and herein after referred to as the "Salado Subdivision." Owner and Lessee covenant and acknowledge that the Salado Subdivision shall and must be undertaken in conformance with the City of Mountain View North Bayshore Area Plan and the Charleston-Rengstorff Precise Plan. No development may take place on the northerly 9.7± acres unless it is limited to open space/commercial uses all as specified in the City of Mountain View C10 District. This 9.7± acre parcel is specifically described in Exhibit B attached hereto and incorporated herein by reference. It is acknowledged that full development of the Salado Subdivision may take place on that portion remaining after the deletion of the property shown on Exhibit B, and that development on this entire property may be a maximum of 428,020 square feet of industrial R & D and/or office floor area.

This covenant acknowledges the above-referenced development restrictions and independently covenants to abide by them . This covenant shall run with the land and remain binding on all future owners or holders of interest in this property unless a change is agreed to by the owners and the City of Mountain View in accordance with revised plans adopted by the City of Mountain View for this area. This covenant shall also be considered a condition appurtenant to the land and shall be recorded.

Dated: MARCH 13, 1981

OWNER:

/s/ Juana Salado

Juana Salado, Trustee

LESSEE: CHARLESTON PROPERTIES,
a General Partnership

By: /s/ Boyd C. Smith

Boyd C. Smith
Managing Partner

EXHIBIT A
DESCRIPTION
SALADO PROPERTY

F 964 PAGE 168

All that certain real property situate in the City of Mountain View, County of Santa Clara, State of California and being more particularly described as follows:

Parcel "A"

BEGINNING at the intersection of the Southerly line of that certain strip of land, 30.00 feet in width, condemned for public purposes by Final Decree of Condemnation, a certified copy of which was recorded in Book 9515 of Official Records at Page 727, Santa Clara County Records with the general Westerly line of that certain parcel of land described in the Deed to the City of Mountain View, recorded January 30, 1969 in Book 8419 of Official Records at Page 105, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said general Westerly line South 3° 30' 56" West 1066.34 feet; thence along a tangent curve to the left with a radius of 1450.00 feet through a central angle of 22° 03' 26" for an arc length of 558.21 feet; thence leaving said general Westerly line from a tangent bearing of North 41° 24' 30" West along a curve to the left with a radius of 635.00 feet through a central angle of 60° 35' 30" for an arc length of 671.53 feet; thence South 78° 00' 00" West 10.72 feet to a point on the Westerly line of that certain 100 acre parcel of land described in the Deed from O. B. Scarpa, the duly appointed, qualified and acting administrator of the Estate of Michael J. Scarpa, also known as M. J. Scarpa, dec'd to Manuel A. Salado, recorded March 7, 1944 in Book 1186 of Official Records at Page 289, Santa Clara County Records; thence along last described Westerly line North 6° 00' 00" East 1471.62 feet to the Southwesterly corner of the hereinabove described 30.00 foot strip of land; thence leaving said Westerly line along the Southerly line of said 30.00 foot strip of land South 84° 00' 00" East 460.31 feet to the POINT OF BEGINNING.

Containing 16.796 acres of land more or less.

Parcel "B"

BEGINNING at a point on the Easterly line of that certain parcel of land described in the Deed from Manuel A. Salado, et ux, to William McGregor, et ux, recorded March 8, 1955 in Book 3108 of Official Records at Page 130, Santa Clara County Records distant thereon North 6° 00' 00" East 5.05 feet from the intersection thereof with the Northerly line of Bayshore Highway, as said line was established by Deed from M. J. Scarpa, et ux, to the State of California, recorded January 11, 1933 in Book 632 of Official Records at Page 563, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said Easterly line of the parcel conveyed to McGregor North 6° 00' 00" East 629.07 feet to the Northeasterly corner thereof; thence along the Northeasterly line of said parcel North 47° 43' 00" West 330.00 feet to the intersection thereof with the Westerly line of the hereinabove described 100 acre parcel of land; thence along said

Westerly line North 6° 00' 00" East 264.66 feet; thence leaving said Westerly line North 78° 00' 00" East 33.46 feet; thence along a tangent curve to the right with a radius of 565.00 feet through a central angle of 76° 32' 42" for an arc length of 754.82 feet to a point of reverse curvature; thence from a tangent bearing of South 25° 27' 18" East along a curve to the left with a radius of 1485.00 feet through a central angle of 29° 19' 25" for an arc length of 760.01 feet to a point of reverse curvature; thence from a tangent bearing of South 54° 46' 43" East along a curve to the right with a radius of 30.00 feet through a central angle of 28° 08' 48" for an arc length of 14.74 feet to a point on the Westerly line of that certain parcel of land described as Parcel 1 in the Deed to Pacific Gas & Electric Company, a California Corporation, recorded April 5, 1955 in Book 3134 of Official Records at Page 399, Santa Clara County Records; thence along last described Westerly line South 4° 12' 34" West 30.90 feet; thence leaving said Westerly line from a tangent bearing of South 31° 06' 26" West along a curve to the left with a radius of 330.00 feet through a central angle of 26° 53' 52" for an arc length of 154.92 feet; thence South 4° 12' 34" West 502.22 feet. thence along a tangent curve to the right with a radius of 170.00 feet through a central angle of 125° 54' 33" for an arc length of 373.58 feet; thence North 49° 52' 53" West 245.64 feet; thence along a tangent curve to the right with a radius of 2968.16 feet through a central angle of 2° 15' 46" for an arc length of 117.22 feet; thence North 47° 37' 07" West 213.52 feet; thence along a tangent curve to the right with a radius of 7910.44 feet through a central angle of 2° 02' 39.6" for an arc length of 282.25 feet to the POINT OF BEGINNING.

Containing 26.380 acres of land more or less.

Prepared March 12, 1981 by

MARK THOMAS & CO. INC.

/s/ Harry F. Aumack, Jr.

Harry F. Aumack, Jr. RCE 8533

EXHIBIT A

EXHIBIT B

DESCRIPTION

Undeveloped Parcel (Lands of Salado)

All that certain real property situate in the City of Mountain View, County of Santa Clara, State of California and being more particularly described as follows:

BEGINNING at the intersection of the Southerly line of that certain strip of land, 30.00 feet in width, condemned for public purposes by Final Decree of Condemnation, a certified copy of which was recorded in Book 9515 of Official Records at Page 727, Santa Clara County Records with the general Westerly line of that certain Parcel of land described in the Deed to the City of Mountain View, recorded January 30, 1969 in Book 8419 of Official Records at Page 105, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said general Westerly line South 3° 30' 56" West 933.29 feet; thence leaving said general Westerly line North 72° 31' 25" West 510.98 feet to a point on the Westerly line of that certain 100 acre parcel of land described in the Deed from O. B. Scarpa, the duly appointed, qualified and acting administrator of the Estate of Michael J. Scarpa, also known as M. J. Scarpa, dec'd to Manuel A. Salado, recorded March 7, 1944 in Book 1186 of Official Records at Page 289, Santa Clara County Records; thence along last described Westerly line North 6° 00' 00" East 830.75 feet to the Southwesterly corner of the hereinabove described 30.00 foot strip of land; thence leaving said Westerly line along the Southerly line of said 30.00 foot strip of land South 84° 00' 00" East 460.30 feet to the POINT OF BEGINNING.

Containing 9.702 acres of land more or less.

Prepared March 12, 1981 by

MARK THOMAS & CO. INC.

/s/ Harry F. Aumack, Jr.

Harry F. Aumack, Jr. RCE 8533

EXHIBIT B

Exhibit D
Rules and Regulations

RULES AND REGULATIONS OF THE BUILDING

1

No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside of the Premises or any exterior windows of the Premises without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on outside doors shall be printed, painted, affixed or inscribed at the expense of Tenant.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door partition or wall which may appear unsightly from outside the Premises.

2

Tenant shall not occupy or permit any portion of the Premises to be occupied for the manufacture or sale of liquor, narcotics or tobacco in any form.

3

4

The sidewalks, passages, exits, entrances, elevators and stairways shall not be obstructed by Tenant or used by it for any purpose other than ingress to and egress from its Premises. The passages, exits, entrances, stairways, balconies and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Premises and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. Tenant, employees or invitees of Tenant shall not go upon the roof of the Premises.

5

The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant who, or whose employees or invitees shall have caused it.

6

Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

7

Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Premises. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Premises by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.

8

9

Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Premises by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds with the exception of Dog Guides for the blind, be brought in or kept about the Premises.

10

Except for designated cafeteria areas or as permitted in a Lease, no cooking (except microwave cooking and coffee/tea brewing) shall be done or permitted by Tenant on the Premises, nor shall the Premises be used for the storage of merchandise for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

11

EXHIBIT D

12

Tenant upon the termination of the tenancy, shall deliver to Landlord the keys of offices, rooms and toilet rooms which have been furnished the Tenant or which Tenant shall have had made.

13

Tenant shall see that the doors of the Premises are closed and securely locked before leaving the Premises and must observe strict care and caution that all water faucets or water apparatus within the Premises are entirely shut off before Tenant or Tenant's employees leave the Premises.

14

Landlord reserves the right to exclude or expel from the Premises any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Premises.

15

16

17

Tenant shall not disturb, solicit, or canvass any occupant of the Premises and shall cooperate to prevent same.

18

Tenant agrees to assume responsibility for compliance by its employees with the parking provision contained herein. Tenant hereby authorizes Landlord at Tenant's sole expense to tow away from the Complex any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions, or to attach violation stickers on notices to such vehicle. Tenant shall use the parking areas for vehicle parking only, and shall not use the parking areas for storage.

Landlord's annuals

Tenant's annuals

LEASE AGREEMENT

[Phase 2-Buildings A-F]

This Lease Agreement [Phase 2-Buildings A-F] (the "Lease") is effective July 31, 2003, and is entered into by and between CHARLESTON PROPERTIES, a California General Partnership (hereinafter called "**Landlord**"), and INTUIT, INC, a Delaware Corporation (hereinafter called "**Tenant**").

RECITALS

- A. Landlord and Tenant are parties to one or more prior leases for the Premises, as hereinafter defined, ("**Prior Leases**").
- B. Pursuant to that certain Lease Expiration Advancement Agreement being entered into concurrently herewith (the "Advancement Agreement"), the Prior Leases are being terminated effective as of July 31, 2003, and this Lease shall govern the rights and obligations between Landlord and Tenant with respect to the Premises thereafter.
- C. Concurrent with the execution of this Lease, Landlord and Tenant are entering into that certain Lease Agreement [Phase 1-Buildings 1-5] (the "Phase 1 Lease") pursuant to which Landlord is leasing certain premises defined in the Phase 1 Lease to Tenant (the "Phase 1 Premises"). The Premises and the Phase 1 Premises are sometimes collectively referred to in this Lease as the "Total Premises".

1. LEASE OF PREMISES; USE:

A. **Lease of Premises:** Landlord hereby leases to Tenant and Tenant hereby hires and takes from Landlord those certain premises comprising approximately 205,613 rentable square feet (the "**Premises**") hatch marked on **EXHIBIT "A"**, attached hereto and incorporated herein by this reference and more particularly described as follows:

- (1) approximately 41,366 rentable square feet located at 2650 Coast Avenue, Mountain View, California, known by Landlord as Building B (and known by Tenant as Building 8) and hereinafter referred to as "**Building B — 2650 Coast**". The rentable square footage shall be deemed to equal 41,366 rentable square feet regardless of the actual square footage;
- (2) approximately 58,111 rentable square feet located at 2700 Coast Avenue, Mountain View, California, known by Landlord as Building C (and known by Tenant as Building 7) and hereinafter referred to as "**Building C — 2700 Coast**". The rentable square footage shall be deemed to equal 58,111 rentable square feet regardless of the actual square footage;
- (3) approximately 43,231 rentable square feet located at 2750 Coast Avenue, Mountain View, California, known by Landlord as Building D (and known by Tenant as Building 6) and hereinafter referred to as "**Building D — 2750 Coast**". The rentable square footage shall be deemed to equal 43,231 rentable square feet regardless of the actual square footage; and
- (4) approximately 62,905 rentable square feet located at 2675 Coast Avenue, Mountain View, California, known by Landlord as Building E (and known by Tenant as Building 11) and hereinafter referred to as "**Building E — 2675 Coast**". The rentable square footage shall be deemed to equal 62,905 rentable square feet regardless of the actual square footage.

As used herein the **Complex** shall mean and include all of the land hatch marked on **Exhibit "B"**, attached hereto, and all of the buildings, improvements, fixtures and equipment now or hereafter situated on said land. The parties acknowledge that the rentable square footage of the Complex is approximately 614,976 square feet and that such rentable square footage shall be deemed to equal 614,976 square feet regardless of the actual square footage. As used herein, the terms **Building** or **Buildings** shall mean the buildings either wholly constituting a portion of the Premises or the buildings in which any portion of the Premises are a part unless otherwise referenced.

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

B. **Use:** Tenant shall use the Premises only in conformance with applicable governmental laws, regulations, rules and ordinances for the purpose of office, sales, research and development, and related uses necessary for Tenant to conduct its business, provided such uses are permitted and conform to city zoning laws and all other governmental laws, regulations, rules and ordinances, and for no other purpose. Tenant shall not do or permit to be done in or about the Premises or the Complex, nor bring or keep or permit to be brought or kept in or about the Premises or the Complex, anything which is prohibited by or will in any way increase the existing rate of (or otherwise affect) fire or any insurance covering the Complex or any part thereof, or any of its contents, or will cause a cancellation of any insurance covering the Complex or any part thereof, or any of its contents. Tenant shall not do or permit to be done anything in, on or about the Premises or the Complex which will in any way obstruct or interfere with the rights of other tenants or occupants of the Complex or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or the Complex. Tenant shall not conduct any sale by auction on the Premises. Tenant shall not place any loads upon the floors, walls, or ceiling, which endanger the structure, or place any harmful fluids or other materials in the drainage system of any of the Buildings, or overload existing electrical or other mechanical systems. Tenant shall not dump any waste materials or refuse upon any part of the Premises or outside of the Buildings, except in trash containers placed inside exterior enclosures designated by Landlord for that purpose or inside of the Building proper where designated by Landlord. Tenant shall not store any materials, supplies, equipment, finished products or semi-finished products, raw materials or articles of any nature upon the Premises or on any portion of common area of the Complex. Tenant shall not utilize any loudspeaker or other device, system or apparatus, which can be heard outside the Premises, without the prior written consent of Landlord. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall comply with any existing covenant, condition, or restriction ("CC&R's") affecting the Premises. A copy of all existing CC&Rs are attached hereto as **Exhibit "C"**. The provisions of this Paragraph are for the benefit of Landlord only and shall not be construed to be for the benefit of any tenant or occupant of the Complex.

2. **TERM**

A. **Term:** The term of this Lease shall be for a period of **twelve (12) years five (5) months** and shall commence on **August 1, 2003**, and end on **December 31, 2015**.

B. **Commencement Date:** Tenant currently occupies the Premises, therefore, Possession shall be deemed tendered on August 1, 2003, the date on which this Lease shall commence (hereinafter "**Commencement Date**").

C. **Options To Extend:** Provided (i) Tenant is not in default after any applicable notice and cure period under any of the terms, covenants or conditions of this Lease or of the Phase 1 Lease and (ii) Tenant and/or its Permitted Assignees are occupying or conducting business from at least 200,000 rentable square feet of the Total Premises, and subject to the terms and conditions set forth hereafter, Tenant is hereby granted the option to extend the term of this Lease for the Premises (as constituted as of the commencement date of any Option Period) leased hereunder for **two consecutive five year periods** (individually "Option Period") which must be exercised separately. Tenant shall notify Landlord in writing of Tenant's exercise of its option to extend the Lease no less than 360 days prior to the then existing Lease expiration date. This Lease shall be extended for a period of five years commencing upon the day after the then expiring Lease term and shall expire five years later. The monthly Base Rent during the extended term shall be as set forth in Paragraph 2C1 below. This option to extend can be exercised by Tenant for its use of the Premises (including any permitted subtenants and affiliates) and may be transferred or assigned to any subtenant, assignee or other party.

1. **Fair Market Rental Rate For Option Periods:** Base Rent for the first year of any Option Period shall be 95% of the fair market rate. The fair market rate for the option periods shall be defined as the prevailing market rate with interim adjustments (if any) then charged for comparable space of comparable quality in the immediate Mountain View/Shoreline market area. Landlord shall notify Tenant of such rate as reasonably determined by Landlord at least two hundred and ten (210) days prior to the beginning of any Option Period, and thereafter, such Base Rate shall be increased by normal and customary rent increases (if any) as determined by Landlord. Landlord and Tenant shall attempt to agree in writing on such fair market rate and any normal and customary increases. If Landlord and Tenant do not agree on the fair market rate for the Premises and/or any normal and customary increases by that date which is one hundred eighty (180) days prior to the beginning of the option term, then Landlord and Tenant shall each select, not later than one hundred fifty (150) days prior to the commencement of the extension term, a licensed MAI appraiser (the "Appraisers") with a minimum five (5) years experience, and knowledge of the Mountain View area market to determine the fair market rate for the Premises. If the Appraisers are unable to agree as to the fair market rate and normal and customary increases by that date which is one hundred twenty (120) days

prior to the commencement of the extension term, then the Appraisers shall, within ten (10) days thereafter, mutually select a third licensed MAI appraiser (the "Arbitrator") who has the same minimum qualifications as the Appraisers and who has not previously represented either party. If the Appraisers cannot agree on the Arbitrator, either party may apply to the Santa Clara County Superior Court, ex parte with at least three business days notice to the other party, for the appointment of the Arbitrator and the court is authorized to appoint an Arbitrator on an ex parte basis. Each Appraiser shall submit to the Arbitrator his or her determination of the fair market rate for the Premises and normal and customary increases, and the support therefore, and the Arbitrator shall decide which Appraiser has most accurately determined the fair market rate and the normal and customary increases, which shall constitute the fair market rate and the normal and customary increases for purposes of this subparagraph, and which decision shall be final and binding on both Landlord and Tenant. Landlord and Tenant shall each pay their own Appraiser's fees and costs and shall each pay one-half (1/2) of the Arbitrator's fees and costs.

2. **Validity of Options:** The options to extend granted to Tenant shall not be deemed to be properly exercised if at the time of exercise, any of the following events exist: (a) Tenant is in default of this Lease or the Phase 1 Lease beyond any applicable notice and cure period; and/or (b) Tenant has assigned its rights and obligations under this Lease or the Phase 1 Lease other than pursuant to a Permitted Assignment as defined under Paragraph 19(D), below; and/or (c) Tenant and/or its Permitted Assignees are no longer occupying or conducting business from at least 200,000 rentable square feet of the Total Premises. Tenant's Options to Extend are personal to the original Tenant executing this Lease and Permitted Assignees, and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than the original Tenant and/or Permitted Assignees.

The options to extend granted to Tenant hereunder shall continue to be valid in the event Tenant exercises its termination option pursuant to Paragraph 44, below, and the options shall apply to the Premises as constituted at the beginning of any Option Period.

3. **POSSESSION:** Tenant is currently in possession of the Premises under and pursuant to the Prior Leases and shall remain in possession of the Premises as of the Commencement Date under and pursuant to this Lease.

4. **RENT**

A. **Base Rent:** Tenant agrees to pay to Landlord at such place as Landlord may designate by prior written notice without deduction, offset, prior notice, or demand, and Landlord agrees to accept as Base Rent for the leased Premises, in lawful money of the United States of America, payable on or before the first day of each month of the Lease Term, the following monthly amounts for the time periods as indicated below:

August 1, 2003 – December 31, 2003	\$0.00 [subject to Par. 4B below]
January 1, 2004 – July 31, 2004	\$246,735.60
August 1, 2004 – July 31, 2005	\$254,137.66
August 1, 2005 – July 31, 2006	\$261,761.78
August 1, 2006 – July 31, 2007	\$269,614.63
August 1, 2007 – July 31, 2008	\$277,703.06
August 1, 2008 – July 31, 2009	\$286,034.15
August 1, 2009 – July 31, 2010	\$294,615.17
August 1, 2010 – July 31, 2011	\$303,453.62
August 1, 2011 – July 31, 2012	\$312,557.22
August 1, 2012 – July 31, 2013	\$321,933.93
August 1, 2013 – July 31, 2014	\$331,591.94
August 1, 2014 – July 31, 2015	\$341,539.69
August 1, 2015 – December 31, 2015	\$351,758.88

B. **Base Rent Abatement:** For the period of August 1, 2003 through December 31, 2003 (the "Base Rent Abatement Period"), the monthly Base Rate of \$246,735.60 shall be abated and no Base Rent will be due (the "Basic Rent Abatement") during the Base Rent Abatement Period; however, Tenant will be responsible for all Additional Rent expenses as outlined in Paragraph 4E from the Commencement Date of the Lease.

It is acknowledged by the parties that the Base Rent Abatement, set forth above, is in lieu of Landlord providing any tenant improvement allowance to Tenant for the installation of tenant improvements in Building D — 2750 Coast.

C. **Time for Payment:** In the event that the term of this Lease commences on a date other than

the first day of a calendar month, on the date of commencement of the term hereof Tenant shall pay to Landlord as rent for the period from such date of commencement to the first day of the next succeeding calendar month that proportion of the monthly rent hereunder which the number of days between such date of commencement and the first day of the next succeeding calendar month bears to thirty (30). In the event that the term of this Lease for any reason ends on a date other than the last day of a calendar month, on the first day of the last calendar month of the term hereof Tenant shall pay to Landlord as rent for the period from said first day of said last calendar month to and including the last day of the term hereof that proportion of the monthly rent hereunder which the number of days between said first day of said last calendar month and the last day of the term hereof bears to thirty (30).

D. **Late Charge:** Notwithstanding any other provision of this Lease, if Tenant is in default in the payment of Base Rent or Additional Rent as set forth in this Paragraph 4, or any other amount due under this lease, or any part thereof, when due, Tenant agrees to pay Landlord, as additional rent, in addition to the delinquent amount due, a late charge for each payment delinquent more than five (5) days. Said late charge shall equal five (5%) percent of the amount in default. Notwithstanding the foregoing, Landlord hereby waives any late charge applicable to the first two instances in any calendar year during the Term of this Lease in which Tenant fails to pay rent on a timely basis as long as Tenant pays such rent within 5 business days after written notice to Tenant that the rent is past due. Such late charge is in addition to any other damages incurred by Landlord and is not a waiver of any such other damages.

E. **Additional Rent:**

1. **Additional Rent Obligations.** Beginning with the Commencement Date of the term of this Lease, Tenant shall pay to Landlord in addition to the Base Rent and as Additional Rent the following:

(a) Tenant's Proportionate Share (as defined below) of all Taxes relating to the Complex as set forth in Paragraph 12, and

(b) Tenant's Proportionate Share of all insurance premiums relating to the Complex, as set forth in Paragraph 15 and as limited by Paragraph 4E6 below, and

(c) Tenant's Proportionate Share of expenses for the operation, management, maintenance and repair of the Buildings (including common areas of the Buildings) and Common Areas of the Complex as set forth in Paragraphs 7 and 11, and

(d) All charges, costs and expenses, which Tenant is required to pay hereunder, together with all interest and penalties, costs and expenses including, without limitation, attorney's fees and expenses, that may be incurred in the event of Tenant's failure to pay such amounts. In the event of nonpayment by Tenant of Additional Rent, Landlord shall have all the rights and remedies with respect thereto as Landlord has for nonpayment of rent.

2. **Estimates.** Tenant shall pay to Landlord monthly, in advance, Tenant's prorata share of an amount estimated by Landlord to be Landlord's approximately average monthly expenditure for such Additional Rent items. On or before March 31 of each year, Landlord shall provide Tenant with a reconciliation between the actual expenditures for Additional Rent items, Tenant's Proportionate Share of such items, and the estimated amounts collected from Tenant, which reconciliation, once delivered to Tenant, shall be binding upon Landlord. Tenant shall pay to Landlord, within thirty (30) days after receipt of the reconciliation, its Proportionate Share of the actual expenses expended by Landlord in excess of said estimated amounts, or Landlord shall refund to Tenant any amount of estimated payments made by Tenant in excess of Tenant's Proportionate Share of Landlord's actual expenditures for said Additional Rent items. Landlord shall provide Tenant reasonably adequate supportive documentation to the reconciliation. In the event Landlord fails to provide a reconciliation on or before the March 31 following the applicable calendar year, Tenant shall deliver a written notice to Landlord requesting such reconciliation and Landlord shall have thirty (30) days from the date such notice is received to provide Tenant with a reconciliation. If the Landlord thereafter fails to provide Tenant with a reconciliation during the thirty (30) day cure period, Landlord shall not be entitled to collect any shortfall between actual expenditures and the estimated amounts collected from Tenant; provided, however, that the foregoing shall not excuse Landlord from providing the required reconciliation within the cure period set forth above. In the event Landlord fails to provide Tenant with a reconciliation by March 31 of any year and Tenant fails to deliver the notice hereinabove set forth, Landlord shall not be restricted in collecting any shortfall between actual expenditures and the estimated amounts collected from Tenant. In addition to the foregoing, Landlord and Tenant shall work together, in good faith, to enable Landlord to provide Tenant with a, a written budget supporting Landlord's estimates of Additional Rent items to be collected from Tenant for the ensuing calendar year on or before January 15 of each year. In

the event any budgets change during such year, Landlord shall provide Tenant with no less than thirty (30) days' prior written notice of the change and such notice may provide that estimates attributable to periods prior to the notice to be paid within thirty (30) days.

3. **Survival/Review.** The respective obligations of Landlord and Tenant under this Paragraph shall survive the expiration or other termination of the term of this Lease, and if the term hereof shall expire or shall otherwise terminate on a day other than the last day of a calendar year, the actual Additional Rent incurred for the calendar year in which the term hereof expires or otherwise terminates shall be determined and settled on the basis of the statement of actual Additional Rent for such calendar year and shall be prorated in the proportion which the number of days in such calendar year preceding such expiration or termination bears to 365. Tenant shall have the right to review Landlord's books regarding the calculation of Additional Rent for the three preceding one year periods, and any such review shall take place at Landlord's, or Landlord's property manager's offices (at Landlord's election), during normal business hours reasonable advance written notice from Tenant.

4. **Calculation of Proportionate Share of Complex.** For purposes of this Lease, and except as set forth below, the term "Proportionate Share" means the total rentable square footage of the Premises divided by the total rentable square footage of the Complex. The total rentable square footage of the Complex shall be deemed to equal 614,976 rentable square feet regardless of the actual square footage. Consequently, as of the Commencement Date of this Lease, Tenant's Proportionate Share of the Complex equals thirty-three and 43/100 percent (33.43%). Tenant's Proportionate Share shall be adjusted to account for any changes in the rentable square footage of the Premises and/or any changes in the rentable square footage of the Complex that occur following the execution of this Lease. Furthermore, as to expenses that relate to part but not all of the Complex, Landlord may, but shall not be required to, reasonably, equitably and consistently though out the Complex allocate such expenses to that portion of the Complex to which such expenses apply and, in that event, Tenant's Proportionate Share as to such expenses shall be as reasonably and equitably determined by Landlord (and such figure shall be deemed Tenant's "Proportionate Share" as set forth herein with respect to such expenses).

5. **Property Management Fee Limitation.** Landlord agrees that Tenant's obligation to reimburse Landlord for property management fees shall be limited to two percent (2%) of the Base Rent; provided, however, during the Rent Abatement Period, Intuit shall pay a property management fee equal to two percent (2%) of the Base Rent that is being abated as though such Base Rent was not being abated.

6. **Earthquake Insurance Expense Limitation.** Landlord agrees that Tenant's Pro Rata Share of earthquake insurance premiums shall be limited to the lesser of the following: (a) Tenant's Pro Rata Share based on fifty percent (50%) of the premiums for such insurance or (b) \$0.04 per square foot of the Premises per month which \$0.04 figure shall be increased by three percent (3%) on each anniversary of the Commencement Date of this Lease. Further, Tenant shall not obligated to reimburse Landlord for any earthquake insurance deductibles. Any exclusions hereunder shall also be excluded from reimbursement under any other Paragraph of this Lease including, without limitation, reimbursements under Paragraph 4(E)(1)(b), above.

7. **Payments.** Any payments required to be made by Tenant for Additional Rent are required to be made by check or instrument separate from that check or instrument used by Tenant to make any payments for Base Rent pursuant to Paragraph 4 A and shall be due at the time Base Rent is due hereunder. With Landlord's permission, Tenant may pay by wire transfer to such account as Landlord may designate or by a single check Additional Rent along with Base Rent and any rent due and payable under the Phase 1 Lease.

8. **Taxes Billings.** Taxes shall be billed separately and prorated for periods of occupancy and shall be due on the later of December 1st and April 1st of each calendar year, or thirty (30) days following receipt of the tax bill by tenant.

9. **Review of Records.** Tenant shall have the right, during normal business hours and at Tenant's own expense, to audit Landlord's records concerning Additional Rent items. In the event a discrepancy of greater than 3% of Tenant's correct share of costs is discovered and, as a result of the error, Tenant overpaid Additional Rent, Landlord shall pay the cost of Tenant's out of pocket audit costs to third parties and shall immediately refund to Tenant the amount of the discrepancy. In the event a discrepancy of greater than 3% of Tenant's correct share of costs is discovered and, as a result of the error, Tenant underpaid Additional Rent, Tenant must disclose the same to Landlord, and Tenant shall pay to Landlord the additional monies due less Tenant's out of pocket audit costs to third parties.

10. **Prior Amortization.** Under the Prior Leases Tenant had been reimbursing Landlord for some expenses incurred by Landlord during the term of the Prior lease on an amortized basis, and not all of

such expenses have been reimbursed by Tenant. Tenant agrees that the remaining portion of such expenses that have not yet been reimbursed by Tenant shall continue to be paid by Tenant, as Additional Rent hereunder, pursuant to the same reimbursement plan as under the Prior Leases as though the Prior Leases were not terminated.

F. **Place of Payment of Rent and Additional Rent:** All Base Rent hereunder and all payments hereunder for Additional Rent shall be paid to Landlord and shall be delivered to the Landlord's property manager, Willis and Company, at 1793 Lafayette Street, Suite 220, Santa Clara, 95050, or to such other person or to such other place as Landlord may from time to time designate in writing; provided, however, that Landlord must provide Tenant with at least thirty (30) days prior notice of any change to the person or place that Base Rent and/or Additional Rent is to be paid hereunder. All payments must actually be received by their due date.

G. **Security Deposit:** A security deposit shall not be required under this Lease.

5. **RULES AND REGULATIONS AND COMMON AREA:** Subject to the terms and conditions of this Lease and such Rules and Regulations as Landlord may from time to time prescribe, Tenant and Tenant's employees, invitees and customers shall, in common with other occupants of the Complex in which the Premises are located, and their respective employees, invitees and customers, and others entitled to the use thereof, have the non-exclusive right to use the access roads, parking areas, and facilities as may be provided and designated by Landlord from time to time for the general use and convenience of the occupants of the Complex in which the Premises are located, which areas and facilities are referred to herein as "Common Area". This right shall terminate upon the termination of this Lease. Landlord reserves the right from time to time to make reasonable changes in the shape, size, location, amount and extent of Common Area including elimination of portions of the common area. All such changes shall not unreasonably affect Tenant's access or use of the Premises and shall not diminish Tenant's parking rights. Landlord further reserves the right to promulgate such reasonable and nondiscriminatory rules and regulations relating to the use of the Common Area, and any part or parts thereof, as Landlord may deem appropriate for the best interests of the occupants of the Complex. The Rules and Regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant, and Tenant shall abide by them and cooperate in their observance. Landlord may reasonably amend such Rules and Regulations from time to time, with at least thirty (30) days advance notice to Tenant, in a non-discriminatory manner, and all amendments shall be effective no sooner than thirty (30) days after delivery of a copy to Tenant. Landlord shall enforce said Rules and Regulations against Tenant in a nondiscriminatory manner, and shall enforce said Rules and Regulations against all other tenants and occupants in the Complex whose violation of said Rules and Regulations materially and detrimentally impacts Tenant's business. Notwithstanding the foregoing, if there is a conflict between the Rules and Regulations and the terms of this Lease, the terms of this Lease shall control.

Landlord shall operate, manage and maintain the Common Area in a first class standard of maintenance and repairs and shall keep the Common Areas in good and sanitary condition.

6. **PARKING:** Tenant shall have the right to use with other tenants or occupants of the Complex its Proportionate Share of the non exclusive non reserved parking spaces in the common parking areas of the Complex. Tenant agrees that Tenant, Tenant's employees, agents, representatives and/or invitees shall not use parking spaces outside of the Complex parking allocated to Tenant hereunder. Landlord shall have the right, at Landlord's sole discretion, to specifically designate the location of Tenant's parking spaces or any other tenant's parking spaces within the common parking areas of the Complex, in which event Tenant agrees that Tenant, Tenant's employees, agents, representatives and/or invitees shall not use any parking spaces other than those parking spaces specifically designated by Landlord for Tenant's use. Said parking spaces, if specifically designated by Landlord to Tenant, may be relocated by Landlord at any time, and from time to time. Landlord reserves the right, at Landlord's sole discretion, to rescind any specific designation of parking spaces, thereby returning Tenant's parking spaces to the common parking area. Landlord shall give Tenant written notice of any change in Tenant's parking spaces; provided, however, that in no event shall any such change materially diminish the number of parking spaces available to Tenant. Tenant shall not, at any time, park, or permit to be parked, any trucks or vehicles adjacent to the loading areas so as to interfere in any way with the use of such areas, nor shall Tenant at any time park, or permit the parking of Tenant's trucks or other vehicles or the trucks and vehicles of Tenant's suppliers or others, in any portion of the common area not designated by Landlord for such use by Tenant. Tenant shall not park any inoperative vehicles or equipment on any portion of the common parking area or other common areas of the Complex. Tenant agrees to assume responsibility for compliance by its employees with the parking provision contained herein. If Tenant or its employees park in other than such designated parking areas, then Landlord may charge Tenant, as an additional charge, and Tenant agrees to pay, Fifty Dollars (\$50.00) per day for each day or partial day each such vehicle is parked in any area other than that designated. Tenant hereby authorizes Landlord at Tenant's sole expense to tow away from the Complex any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions, or to attach violation notices to such vehicles. Tenant shall use the parking areas for vehicle parking only, and shall not use the parking areas for

storage.

7. EXPENSES OF OWNERSHIP, OPERATION, MANAGEMENT AND MAINTENANCE OF THE COMPLEX, PREMISES AND BUILDING IN WHICH THE PREMISES ARE LOCATED

A. **Landlord's Maintenance Obligations; Tenant's Share:** Landlord, at Landlord's expense (but subject to any reimbursement obligations set forth in this Lease), shall maintain, in a first class standard of maintenance and repair, (i) all Common Areas in the Complex, (ii) the structural portion of the Premises, (iii) all exterior portions of the Premises (including, without limitation, the foundations, exterior walls, exterior roof, and the roof membrane) excluding, however, exterior doors, loading dock doors, door encasements, exterior windows, window frames, plate glass, glazing, loading docks, and HVAC systems, (iv) landscaped areas, (v) lakes, (vi) parking lots, (vii) sidewalks, (viii) driveways, (ix) exterior fixtures and exterior electrical (excluding Tenant's signage and items installed by Tenant), (x) mechanical and plumbing systems outside of Tenant's Premises.

Unless otherwise set forth in this Lease, expenses for the repair or replacement of the structural portions of the Premises (structural walls, structure of the roof, and Building foundations) shall not be charged to Tenant as Additional Rent items unless this Lease expressly provides to the contrary, or unless the need for such repair or replacement was caused by the negligence, intentional misconduct or breach of this Lease by Tenant or any of Tenant's invitees, guests, or agents.

Except as set forth in Paragraph 7D below, or except as otherwise specifically excluded pursuant to the terms of this Lease, as Additional Rent and in accordance with Paragraph 4E of this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of all expenses of the ownership, operation, management, maintenance and repair of the Complex, including, but not limited to, license, permit and inspection fees; utility charges associated with exterior landscaping and lighting (including water and sewer charges); all charges incurred in the maintenance of landscaped areas, lakes, parking lots, sidewalks, driveways; maintenance, repair and replacement of all exterior fixtures and exterior electrical, mechanical and plumbing systems; exterior surfaces of the buildings; salaries and employee benefits of personnel employed by Landlord who provide services for the Complex which is directly attributable to services provided to the Complex, and payroll taxes applicable thereto and supplies, materials, equipment and tools.

1. **Structural Alterations to Comply With Laws.** If, on the date this Lease is fully executed, structural alterations (structural walls, structure of the roof, and Building foundations) are required to comply with applicable laws, or in the event such applicable laws are changed which changes require such structural alterations, the cost of such alterations shall be borne by Landlord and Tenant shall not be required to reimburse Landlord for any share of such costs, unless such alterations are caused by any of the following in which case Tenant shall bear the sole responsibility and costs for performing such alterations:

(a) Tenant's unique use of the Premises, as opposed to general office use,

(b) damage to the Premises (other than normal wear and tear) caused by Tenant, or any employee, contractor, agent, invitee, guest, or supplier of Tenant, or

(c) alterations or improvements constructed by or on behalf of Tenant that require such alterations to be made, as opposed to alterations that trigger an unrelated code compliance upgrade (for example: if construction by Tenant of additional offices require extra structural support for such offices, the cost of such extra support shall be borne entirely by Tenant, however, if construction of additional offices triggers the requirement to install seismic retrofitting to comply with a previous years code change, which code change is not related to the additional offices, but which is the result of *any* new construction, then Landlord shall bear the cost of such code upgrade alterations).

It is acknowledged that Landlord shall only be required to make such alterations that are actually required to prevent the Premises from being in violation of such codes at such time, as opposed to making alterations to bring the Premises up to current building codes even though existing improvements do not require current alterations because such improvements are "grandfathered".

2. **Capital Expenditures.** Tenant's Proportionate Share of the total cost of any individual capital expenditure (as defined under generally accepted accounting principals ("GAAP")) which exceeds \$20,000 which are not otherwise excluded from Tenant's reimbursement requirements shall be amortized monthly on a straight line basis over the actual useful life of the capital expenditure (in Landlord's reasonable and good faith estimate) ("Capital Expenditure Amount"). Landlord shall be entitled to immediately expense any individual capital expenditure the total cost of which is less than \$20,000, and such capital expenditure shall not be deemed a Capital Expenditure Amount under this paragraph. The monthly amortization of any Capital Expenditure Amount

shall be over such number of months of actual useful life of the improvement, as reasonably determined by Landlord, and shall include interest in the amount of 5%. The \$20,000 amount, referred to above, shall be increased on each anniversary of the Commencement Date of this Lease based upon the change in the Consumer Price Index. Such annual adjustments shall be calculated upon the basis of the percentage change in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland Metropolitan Area, All Items (1982-84 equals 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics, as such Index was revised effective January, 1987 (the "Index"). The Index published for the month closest to the adjustment date shall be compared with the Index published for the month closest to the beginning of the immediately preceding Lease year to determine the percentage increase in such \$20,000 (as it may have been adjusted for prior years). If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. Except as otherwise provided in this Lease, all other capital expenditures shall be reimbursed, without amortization, as set forth in Paragraph 4 E of this Lease.

B. Buildings and Premises: Notwithstanding anything contained in the Lease to the contrary, Tenant shall, at its sole cost and expense, keep and maintain (i) the interior of the Premises (including appurtenances), (ii) exterior doors, loading dock doors, and door encasements, (iii) exterior windows, window frames, plate glass, and glazing, and every part thereof in a first class standard of maintenance and repair, and in good and sanitary condition. Tenant's maintenance and repair responsibilities herein referred to include, but are not limited to: all windows, window frames, plate glass, glazing, truck doors, loading docks, interior plumbing systems (such as interior water and drain lines, sinks, toilets, faucets, drains, showers and water fountains), interior electrical systems (such as interior panels, conduits, outlets, lighting fixtures, lamps, bulbs, tubes, ballasts), heating and air-conditioning systems exterior or interior (such as compressors, fans, air handlers, ducts, mixing boxes, thermostats, time clocks, boilers, heaters, supply and return grills), all interior improvements in the Premises including but not limited to wall coverings, window coverings, carpets, floor coverings, partitioning, ceilings, doors (both interior and exterior, including closing mechanisms, latches, locks), skylights, automatic fire extinguishing systems, and all other interior improvements of any nature whatsoever.

C. Tenant Waivers: Tenant hereby waives all rights under, and benefits of, subsection 1 of Section 1932 and Section 1941 and 1942 of the California Civil Code and under any similar law, statute or ordinance now or hereafter in effect.

D. Exclusion from Additional Rent: "Additional Rent" as used herein shall not include and are excluded, as reimbursable costs from Tenant to Landlord all of the following:

1. Any fines, costs, penalties or interest.
2. Rental payments pursuant to any ground lease of land underlying all or any of the Complexes.
3. Any costs of any services sold or provided to tenants or other occupants for which Landlord or Managing Agent is entitled to be reimbursed by such tenants or other occupants.
4. Acquisitions costs for sculptures, paintings, or other objects of art.
5. Costs for which Landlord has been compensated by a management fee; for example, accounting costs necessary to operate the Complex and report its financial status to the Landlord.
6. Depreciation (except as specifically provided above).
7. Interest on and amortization of debts.
8. Leasehold improvements including redecorating spaces occupied or to be occupied by other tenants of the Complex.
9. Brokerage commissions and advertising expenses for procuring new tenants of the Complex.
10. Financing or refinancing costs.
11. The cost of any item included as an Additional Rent item to the extent that such cost is reimbursed by an insurance company, a condemnor, a tenant, or any other third party; provided, however, that if a reimbursed item was previously included as an Additional Rent item, and such reimbursement shall reduce the

Additional Rent items in the period in which the reimbursement occurs.

12. Expenses, costs, liabilities, fines or penalties incurred as a result of or attributable to Landlord's or its agents', employees', contractors', guests' or invitees' negligent acts or omissions, breach of lease or contract or violation of governmental laws, statutes, codes, ordinances, rules, regulations, orders or other governmental requirements.

13. Accounting, legal and other fees incurred in connection with preparation, negotiation or enforcement of leases, or any costs associated with preparing any space for occupancy, including any tenant improvement work or allowance for such space to be leased.

14. Labor costs, including salaries, fringe benefits and other costs for other than full-time on-site personnel to the extent such costs are attributable to work at a complex other than the Complex.

15. Any costs or expenses associated with or in any way related to Hazardous Materials (as defined in Paragraph 42, below) or the monitoring, remediation or removal thereof.

16. Any costs or expenses not actually and reasonably incurred by Landlord and believed by Landlord in good faith to be properly included as an Additional Rent item.

17. Any costs or expenses which are, by the terms of this Lease, required to be borne solely by Landlord without reimbursement.

8. **ACCEPTANCE AND SURRENDER OF PREMISES:** Landlord represents to its knowledge without any investigation, nor the duty to investigate, and with the parties acknowledgement that the Tenant has been occupying the Premises for the past eight (8) years, that as of the Commencement Date of this Lease, Landlord is not aware of any defect in the roofs, structural components, heating, ventilating, and air conditioning systems, electrical and plumbing systems, parking lots and site lighting, of the Premises and/or the Complex upon which the Premises are located. Subject to Landlord's representations and warranties contained elsewhere in this Lease, Tenant accepts the Premises as being in good and sanitary order, condition and repair and accepts the Premises in their present condition and without representation or warranty by Landlord as to the condition of the Premises or as to the use or occupancy which may be made thereof. Any exceptions to the foregoing must be by written agreement executed by Landlord and Tenant. Tenant agrees on the last day of the Lease term, or on the sooner termination of this Lease, to surrender the Premises promptly and peaceably to Landlord in good condition and repair (damage by Acts of God, fire or normal wear and tear excepted), with all interior walls repaired, if damaged, and with all alterations, additions and improvements which may have been made in, to, or on the Premises (except movable trade fixtures installed at the expense of Tenant), except as to alterations which Tenant is required to remove or restore as set forth below. Tenant, on or before the end of the term or sooner termination of this Lease, shall remove all of Tenant's personal property and trade fixtures from the Premises, and all property not so removed on or before the end of the term or sooner termination of this Lease shall be deemed abandoned by Tenant and title to same shall thereupon pass to Landlord without compensation to Tenant. Landlord may, upon termination of this Lease, remove all moveable furniture and equipment so abandoned by Tenant, at Tenant's sole cost, and repair any damage caused by such removal at Tenant's sole cost. Nothing contained herein shall be construed as an extension of the term hereof or as consent of Landlord to any holding over by Tenant. The voluntary or other surrender of this Lease or the Premises by Tenant or a mutual cancellation of this Lease shall not work as a merger and, at the option of Landlord, shall either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of all or any such subleases or subtenancies.

9. ALTERATIONS AND ADDITIONS

A. **Alterations:** Tenant shall not make, or suffer to be made, any alteration or addition to the Premises, or any part thereof, exceeding Twenty Five Thousand Dollars (\$25,000) in cost, without the written consent (which shall not be unreasonably withheld, conditioned, or delayed) of Landlord first had and obtained by Tenant. Any addition to, or alteration of, the Premises, except moveable furniture and trade fixtures, shall at once become a part of the Premises and belong to Landlord. If Landlord consents to the making of any alteration, addition, or improvement to or of the Premises by Tenant, the same shall be made at Tenant's sole cost and expense. Except as otherwise expressly set forth to the contrary, any modifications to the Building or Building systems required by governmental code or otherwise as a result of Tenant's alterations, additions or improvements shall be made at Tenant's sole cost and expense. Tenant shall retain title to all moveable furniture and trade fixtures placed in the Premises. All heating, lighting, electrical, air conditioning, attached partitioning, drapery, carpeting and floor installations made by Tenant, together with all property that has become an integral part of the Premises, shall not be deemed trade fixtures. Tenant agrees that it will not proceed to make any

alterations or additions the total cost of which exceeds Twenty Five Thousand Dollars (\$25,000), without having obtained consent from Landlord to do so, and until five (5) days after written notice to Landlord of Tenant's intention to commence such work in order that Landlord may post appropriate notices to avoid any liability to contractors or material suppliers for payment for Tenant's improvements. Tenant shall at all times permit such notices to be posted and to remain posted until the completion of work. Tenant shall, if required by Landlord, secure at Tenant's own cost and expense, a completion and lien indemnity bond, reasonably satisfactory to Landlord for work in excess of \$300,000. Tenant further covenants and agrees that any mechanic's liens filed against the Premises or against the Complex for work claimed to have been done for, or materials claimed to have been furnished to Tenant, will be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at the cost and expense of Tenant. Any exceptions to the foregoing must be made in writing and executed by both Landlord and Tenant.

B. Manner of Alterations: Any alterations or additions made by Tenant to the Premises, whether or not such work requires Landlord's approval hereunder, shall be constructed in a first class manner. Landlord shall have the right, at its sole cost and expense, and upon no less than 2 business days' prior written notice, to inspect any alterations or additions at any stage of its completion to determine whether or not such work is being constructed in compliance with approved plans. At the completion of each alteration or addition, Tenant shall deliver a complete set of as-built drawings to Landlord.

C. Cost of Alterations: Except as otherwise expressly set forth herein to the contrary, all cost of construction including demolition, architectural, drawings, permitting fees, etc, shall be paid by Tenant.

D. Restoration: At the time any alterations, additions or improvements are requested by Tenant, which request shall include a detailed description and depiction of such alterations, additions or improvements, Tenant may request that Landlord inform Tenant whether such alterations, additions or improvements must be removed and the Premises be restored to the original condition upon Lease expiration or termination. If Landlord fails to inform Tenant that it must restore the Premises at the Lease expiration, then Tenant shall have no obligation to restore the Premises at Lease expiration. If Landlord requires Tenant to so restore, such restoration shall be at Tenant's sole cost and expense.

1. Alterations Performed By Tenant Prior to Execution of This Lease: Landlord accepts the alterations, additions and improvements performed to date upon the Premises under the Prior Leases and Tenant shall not be required to remove such alterations, additions and improvements as they currently exist. Within fifteen (15) days of the execution of this Lease, Tenant shall deliver to Landlord all layout plans in Tenant's possession with the understanding that Tenant does not warrant the accuracy of such plans. Landlord shall have the right, but not the obligation, to enter the Premises to determine the current condition of the Premises. Tenant shall cooperate with Landlord in documenting the current condition of the Premises.

E. Contractors: Tenant shall have the right to employ architects, general contractors or subcontractors of its choosing, licensed in California where required by law, for any alterations desired to be made to the Premises leased hereunder. Landlord shall not charge Tenant for any construction management fees, supervision fees or plan review fees Landlord incurs in connection with any of the alterations Tenant may make to the Premises.

10. Intentionally Deleted.

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

Tenant shall pay promptly, as the same become due, all charges for separately metered water, gas, electricity, telephone, telex and other electronic communications service, sewer service, waste pick-up and any other utilities, materials or services furnished directly to or used by Tenant on or about the Premises during the term of this Lease, including, without limitation, any temporary or permanent utility surcharge or other exactions whether or not hereinafter imposed. In addition, for any Premises not separately metered, Tenant shall pay, as Additional Rent, its pro rata share of the cost of any utility service not so separately metered, such pro rata share shall be determined by dividing the rentable square footage of the portion of the Premises included in the utility bill by the total rentable square footage of all rentable space included in such utility bill, and the pro-rata share not reimbursable by Tenant hereunder shall not be reimbursable to Landlord under the other expense reimbursement provisions of this Lease. If, however, Landlord determines that any tenant (including Tenant) is using a disproportionate amount of any utility service not separately metered, then Landlord shall charge that tenant the amount estimated by Landlord to be the disproportionate amount and such payment by such other tenant shall not be charged to the other tenants.

Landlord shall not be liable for and Tenant shall not be entitled to any abatement or reduction of rent

by reason of any interruption or failure of utility services to the Premises when such interruption or failure is caused by accident, breakage, repair, strikes, lockouts, or other labor disturbances or labor disputes of any nature, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Notwithstanding the foregoing, Tenant shall be entitled to an abatement of rent for any interruption or failure of utility services to the Premises when such interruption or failure is caused by Landlord or its employees, agents or contractors, which abatement shall be based on the degree to which Tenant is unable to utilize the Premises due to such interruption or failure. In addition, in the event there is any interruption in any utility service, Landlord will cooperate with Tenant in having such utility service restored as quickly as possible.

12. TAXES

A. Real Property Taxes.

As Additional Rent and in accordance with Paragraph 4E of this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of all Real Property Taxes. The term "Real Property Taxes", as used herein, shall mean (i) all taxes, assessments, levies and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any general or special assessments for public improvements and any increases resulting from reassessments caused by any change in ownership of the Complex) now or hereafter imposed during the Term of Lease by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of, all or any portion of the Complex (as now constructed or as may at any time hereafter, be constructed, altered, or otherwise changed) or Landlord's interest therein; any improvements located within the Complex (regardless of ownership); the fixtures, equipment and other property of Landlord, real or personal, that are an integral part of and located in the Complex; or parking areas, public utilities, or energy within the Complex; (ii) all charges, levies or fees imposed by reason of environmental regulation or other governmental control of the Complex; and (iii) all costs and fees (including attorney's fees) incurred by Landlord in contesting any Real Property Tax and in negotiating with public authorities as to any Real Property Tax. In the event said contesting results in a refund of Real Property Taxes, Tenant shall be credited with the appropriate Proportionate Share of said refund reflecting Tenant's period of occupancy. If at any time during the term of this Lease the taxation or assessment of the Complex prevailing as of the Commencement Date of this Lease shall be altered so that in lieu of or in addition to any Real Property Tax described above there shall be levied, assessed or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate or additional tax or charge (i) on the value, use or occupancy of the Complex or Landlord's interest therein or (ii) on or measured by the gross receipts, gross income or gross rentals from the Complex, on Landlord's business of leasing the Complex, or computed in any manner with respect to the operation of the Complex, then any such tax or charge, however designated, shall be included within the meaning of the term "Real Property Taxes" for purposes of this Lease. If any Real Property Tax is based upon property or rents unrelated to the Complex, then only that part of such Real Property Tax that is fairly allocable to the Complex shall be included within the meaning of the term "Real Property Taxes". Notwithstanding the foregoing, the term "Real Property Taxes" shall not include estate, inheritance, gift or franchise taxes of Landlord or the federal, state or local net income tax, capital gains taxes, excess profits, capital stock taxes or other taxes not uniquely attributable to the Buildings or the Complex, imposed on Landlord or any of its shareholders, partners, members, beneficiaries or other owners of a beneficial interest in Landlord, nor shall it include any penalties, interest, fines or other similar charges. In addition, "Real Property Taxes" shall not include any increases resulting from any new construction, unless such new construction is by or on behalf of Tenant; development fees and increased taxes (in lieu of development fees) pursuant to any development agreement or similar arrangement; any documentary transfer tax, corporation, limited liability company or other entity gross receipts tax, sales or use tax; or any portion of any tax or assessment not properly and equitably allocable to the period in question (and if Landlord elects to pay any bond or assessment over less than the longest time permissible by law, the portion of such payment included in Real Estate Taxes for any period shall not exceed the amount that would have been payable for the period had Landlord instead paid over the longest period permissible by law). In no event shall any portion of any tax or assessment property allocable to any period of time beyond the term of this Lease be included in Real Estate Taxes.

B. Taxes on Tenant's Property

1. Tenant shall be liable for and shall pay before delinquency, taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises is increased by the inclusion therein of a value placed upon such personal property or trade fixtures of Tenant and if Landlord, after written notice to Tenant, pays the taxes based on such increased assessment, which Landlord shall have the right to do regardless of the validity thereof, but only under proper protest if requested by Tenant, Tenant shall upon demand, as the case may be, repay to Landlord the taxes so levied

against Landlord, or the proportion of such taxes resulting from such increase in the assessment; provided that in any such event Tenant shall have the right, in the name of Landlord and with Landlord's full cooperation, to bring suit in any court of competent jurisdiction to recover the amount of any such taxes so paid under protest, and any amount so recovered shall belong to Tenant.

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

13. **TENANT'S LIABILITY INSURANCE:** Tenant, at Tenant's expense, agrees to keep in force during the term of this Lease a policy of commercial general liability insurance with a combined single limit in the amount of \$5,000,000/ 5,000,000 per occurrence/ aggregate. The policy or policies affecting such insurance, certificates of which shall be furnished to Landlord, shall name Landlord as additional insured, and shall insure any liability of Landlord, contingent or otherwise, as respects acts or omissions of Tenant, its agents, employees or invitees or otherwise by any negligent conduct of any of said persons in or about or concerning the Premises; shall be issued by an insurance company admitted to transact business in the State of California; and shall provide that the insurance effected thereby shall not be canceled, except upon thirty (30) days' prior written notice to Landlord; and shall have commercially reasonable deductibles similar to those typically held by companies of similar size and characteristics of Tenant. If, during the term of this Lease, in the reasonable opinion of Landlord's Lender, insurance advisor or counsel, the amount of insurance described in this Paragraph is not adequate, Tenant agrees to increase said coverage to such reasonable amount as Landlord's Lender, insurance advisor or counsel shall deem adequate. All insurance required pursuant to this Paragraph to be carried by Tenant shall be (i) primary and noncontributory with any Landlord insurance (ii) shall provide severability of interests between or among insureds (iii) shall be issued by insurers licensed to do business in the State in which the Premises are located, and (iv) shall be issued by insurers which are rated A:VII or better by Best's Key Rating Guide. All insurance required hereunder may be held by Tenant under blanket policies of insurance.

14. **TENANT'S PERSONAL PROPERTY INSURANCE AND WORKER'S COMPENSATION INSURANCE:** Tenant shall maintain a special form property policy ("Special Form") with a sprinkler leakage endorsement insuring the personal property, inventory, trade fixtures and leasehold improvements within the leased Premises for the full replacement value thereof. The proceeds from any of such policies shall be used for the repair or replacement of such items so insured. Tenant shall also maintain such policy or policies of worker's compensation insurance and such other employee benefit insurance sufficient to comply with all laws.

15. **PROPERTY INSURANCE:** Landlord shall purchase and keep in force and, as Additional Rent in accordance with Paragraph 4E of this Lease, and subject to such limitations on reimbursement obligations as may be provided elsewhere in this Lease, Tenant shall pay to Landlord Tenant's Proportionate Share of the cost of a policy or policies of insurance covering loss or damage to the Premises and Complex in an amount up to the full replacement value thereof, providing protection against those perils included within the classification of "Special Form" insurance and flood and/ or earthquake insurance, if available, plus a policy of rental income insurance in the amount of one hundred (100%) percent of twelve (12) months Base Rent and Additional Rent, and also a policy of comprehensive public liability insurance with minimum limits in the amount of at least \$1,000,000/1,000,000 for injuries to or death of persons occurring in, on or about the Premises or the Complex. If such insurance cost is increased due to Tenant's use of the Premises or the Complex, Tenant agrees to pay to Landlord the full cost of such increase. Tenant shall have no interest in nor any right to the proceeds of any insurance procured by Landlord for the Complex.

Landlord and Tenant do each hereby respectively release the other, to the extent of insurance proceeds actually received, from any liability for loss or damage caused by fire or any of the other coverage events included in the releasing party's insurance policies, irrespective of the cause of such fire or casualty; provided, however, that if the insurance policy of either releasing party prohibits such waiver, then this waiver shall not take effect until consent to such waiver is obtained. If such waiver is prohibited, the insured party affected shall promptly notify the other party hereof.

16. **INDEMNIFICATION:** Landlord shall not be liable to Tenant and Tenant hereby waives all claims

against Landlord, and all of Landlord's partners, managers, employees, and agents, for any injury to or death of any person or damage to or destruction of property in or about the Premises or the Complex by or from any cause whatsoever, including, without limitation, gas, fire, oil, electricity or leakage of any character from the roof, walls, basement or other portion of the Premises or the Complex but excluding, however, the negligence or willful misconduct of Landlord or its agents, employees or contractors, and except and excluding claims resulting from the breach by Landlord of any of its representations, warranties, covenants or obligations under this Lease. Except for the extent injury to persons or damage to property is the result of the negligence or willful misconduct of Landlord or any of its agents, employees or contractors, and except and excluding claims resulting from the breach by Landlord of any of its representations, warranties, covenants or obligations under this Lease, Tenant shall hold Landlord, and Landlord's partners, managers, employees, and agents, harmless from and defend Landlord, and any of Landlord's partners, managers, employees, and agents, against any and all expenses, including reasonable attorney's fees, in connection therewith, arising out of (a) any injury to or death of any person, or damage to or destruction of property, occurring in, on or about the Premises, or any part thereof, from any cause, or by any person or entity, whatsoever, (b) Tenant's breach of this Lease, (c) Tenant or Tenant's agents, employees, contractors, guests and/or invitees negligence or intentional wrongdoing, (d) Tenant's failure to surrender the Premises in violation of the terms of this Lease (including damages as a result of claims made by any succeeding tenant or lost profits as a result thereof).

17. **COMPLIANCE:** Except as set forth in Paragraph 7A1, Tenant, at its sole cost and expense, shall promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now or hereafter in effect; with the requirements of any board of fire underwriters or other similar body now or hereafter constituted; and with any direction or occupancy certificate issued pursuant to law by any public officer. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord by a party thereto or not, that Tenant has violated any such law, statute, ordinance or governmental rule, regulation, requirement, direction or provision, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to said Premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance covering the Premises.

18. **LIENS:** Tenant shall keep the Premises and the Complex free from any liens arising out of any work performed, materials furnished or obligation incurred by Tenant. In the event that Tenant shall not, within thirty (30) days following the imposition of such lien, cause the same to be released of record, Landlord shall have, in addition to all other remedies provided herein and by law, and upon no less than 5 business days' prior written notice to Tenant, the right, but no obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all expenses incurred by it in connection therewith, shall be payable to Landlord by Tenant on demand with interest at the prime rate of interest as quoted by the Bank of America.

19. **ASSIGNMENT AND SUBLETTING:** The following provisions shall apply to any assignment, subletting or other transfer by Tenant or any subtenant or assignee or other successor in interest of the original Tenant (collectively referred to in this Paragraph as "Tenant"):

A. Except for Permitted Assignments as provided below, Tenant shall not do any of the following (collectively referred to herein as "Transfer"), whether voluntarily, involuntarily, or by operation of law, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed: (i) assign or otherwise transfer its interest in this Lease or in the Premises; (ii) sublet all or any part of the Premises to allow it to be sublet, occupied, or used by any person or entity other than Tenant; (iii) transfer any right appurtenant to this Lease or the Premises; or (iv) mortgage or encumber the Lease (or otherwise use the Lease as a security device) in any manner. Tenant shall reimburse Landlord for all reasonable costs and attorney's fees incurred by Landlord in connection with the processing and/or documentation of any requested Transfer, whether or not Landlord's consent is granted. Any Transfer so approved by Landlord shall not be effective until Tenant has paid all such costs and attorneys' fees to Landlord and delivered to Landlord an executed counterpart of the document evidencing the Transfer which (i) is in form approved by Landlord, (ii) contains the same terms and conditions as stated in Tenant's notice given to Landlord pursuant to subparagraph B, below, and (iii) with respect to an assignment, contains the agreement of the proposed Transferee to assume all obligations of Tenant under this Lease. Any attempted Transfer without Landlord's consent shall constitute a default by Tenant and shall be voidable at Landlord's option. Landlord's consent to any one Transfer shall not constitute a waiver of the provisions of this Paragraph as to any subsequent transfer nor consent to any subsequent Transfer. No Transfer, even with the consent of Landlord, shall relieve Tenant of its personal and primary obligation to pay the rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease nor to be consent to any Transfer.

B. Tenant shall give Landlord at least ten (10) business days prior written notice of any desired Transfer to a sublessee and at least thirty (30) days prior written notice of any desired Transfer to an assignee, and such notice with respect to either a sublease or an assignment shall contain all of the proposed terms of such Transfer including but not limited to (i) the name and legal composition of the proposed Transferee; (ii) an audited financial statement, if available, or an un-audited financial statement if an audited statement is not available, of the Transferee for a period ending not more than one year prior to the proposed effective date of the Transfer; (iii) the nature of the proposed Transferee's business to be carried on in the Premises; (iv) all consideration to be given on account of the Transfer; and (v) such other information as may be reasonably requested by Landlord within such ten (10) day period. Tenant's notice shall not be deemed to have been served or given until such time as Tenant has provided Landlord with all information required by subparagraphs (i) through (iv) of this subparagraph.

C. In the event that Tenant seeks to make any Transfer, Landlord shall have the right to reasonably withhold its consent to such Transfer, as permitted pursuant to this Paragraph, or to exercise any of the rights set forth in this subparagraph, by giving Tenant written notice of its election within ten (10) business days after receipt of Tenant's notice of intent to Transfer to a sublessee, and within thirty (30) days after receipt of Tenant's notice of intent to Transfer to an assignee. In the event Landlord fails to provide Tenant with notice that it is withholding its consent to the proposed Transfer within such ten (10) business day period for a Transfer to a sublessee or such thirty (30) day period for a Transfer to an assignee, then Landlord shall be deemed to have rejected the proposed Transfer. Without otherwise limiting the criteria upon which Landlord may withhold its consent to any proposed Transfer, if Landlord withholds its consent where the proposed assignee's or subtenant's anticipated use of the Premises involves the storage, use or disposal of Hazardous Material in amounts not typically used in an office environment, such withholding of consent shall be presumptively reasonable.

In addition to Landlord's right to withhold its consent to any Transfer and without limiting Landlord in the exercise of any other right or remedy, which Landlord may have, Landlord may elect to permit Tenant to so assign the Lease or sublease such part of the Premises, in which event Tenant may do so, but without being released of its liability for the performance of all of its obligations under the Lease. If Tenant assigns its interest in this Lease in accordance with this subparagraph, then, after Tenant deducts its reasonable costs of such assignment, Tenant shall pay to Landlord fifty percent (50%) of all consideration received by Tenant on account of the Premises over and above Tenant's obligations under this Lease. Tenant shall not, however, be required to pay to Landlord any consideration it receives for and which is equal to the fair market value for any furnishings, fixtures or other items of personal property Tenant receives in connection with the assignment or subletting, or for any services to be provided by Tenant in connection with the assignment or subletting ("Unrelated Consideration"). If Tenant sublets all or part of the Premises, after Tenant deducts its reasonable costs of such subleasing, then Tenant shall pay to Landlord fifty percent (50%) of the positive difference, if any, between (i) all rent and other consideration (other than Unrelated Consideration) paid by the subtenant to Tenant on account of the Premises, less (ii) all rent paid by Tenant to Landlord pursuant to this Lease which is allocable to the area so sublet. Such amount shall be paid to Landlord on the same basis, whether periodic or in lump sum, that such rent and other consideration (other than Unrelated Consideration) is paid to Tenant by its subtenant; provided, however, should Tenant, as assignor or sublessor, be paid a lump sum fee by any assignee or sublessor which is not designated as prepaid rent and which is not Unrelated Consideration, Landlord shall be paid fifty percent (50%) of the positive difference, if any, between (i) such lump sum fee, less (ii) all rent paid by Tenant to Landlord pursuant to this Lease for the month in which such lump sum fee was paid, less (iii) any costs incurred by Tenant in connection with the assignment or subletting. If any lump sum is designated as prepaid rent, then Tenant shall pay to Landlord fifty percent (50%) of the excess of the lump sum amount over the amount of rent Tenant is required to pay hereunder for the period over which the prepaid rent relates. Tenant's obligations under this subparagraph shall survive any assignment or sublease, and Tenant's failure to perform its obligations under this subparagraph shall be a default under this Lease. At the time Tenant makes any payment to Landlord required by this subparagraph, Tenant shall deliver an itemized statement of the method by which the amount to which Landlord is entitled was calculated. Landlord shall have the right to inspect Tenant's books and records relating to the payments due pursuant to this subparagraph. Upon request therefore, Tenant shall deliver to Landlord copies of all bills, invoices, or other documents upon which its calculations are based. Landlord may condition its approval of a Transfer upon obtaining a certification from both Tenant and the proposed Transferee of all amounts that are to be paid to Tenant in connection with such Transfer. As used herein, the term "consideration" shall mean any consideration of any kind received, or to be received, by Tenant as a result of the Transfer, if such sums are related to Tenant's interest in this Lease or in the Premises.

D. Tenant irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent or other consideration not otherwise payable to Landlord by reason of any Transfer. Landlord, as assignee of Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent or other

consideration and apply it toward Tenant's obligation under this Lease, provided, however, that until occurrence of any default by Tenant, Tenant shall have the right to collect such rent or other consideration.

E. Notwithstanding the foregoing, if immediately after the Transfer, Tenant is not conducting business from at least 200,000 rentable square feet of the Total Premises, then Landlord shall have the right, to be exercised by giving written notice to Tenant (within 20 days of Landlord's receipt of the transfer notice referred to in Paragraph 19B above), to recapture the space which is the subject of the transfer ("Subject Space"). If such recapture notice is given, it shall serve to terminate this Lease only with respect to the Subject Space, or, if the proposed Subject Space covers all the Premises, it shall serve to terminate this entire Lease; in either case, as of the proposed effective date of the transfer or upon Landlord's recapture notice, whichever is later. If this Lease is terminated pursuant to the foregoing provision with respect to less than the entire Premises, the Rent shall be adjusted on the basis of the proportion of rentable square feet retained by Tenant to the rentable square feet demised immediately prior to the transfer and this Lease as so amended shall continue thereafter in full force and effect.

F. Notwithstanding the foregoing, without the prior consent of Landlord, Tenant shall have the right: (i) to assign this Lease or sublet the Premises to any affiliate or subsidiary of Tenant which affiliate or subsidiary is more than fifty percent (50%) owned, either directly or indirectly, by Tenant; or (ii) to merge with another corporation or entity so long as substantially all of the assets of Tenant are transferred and retained by the surviving corporation or entity excluding, however, any assets which may be required to be disposed of in order to make the transaction qualify under applicable antitrust laws, regulations or regulatory review; or (iii) to enter into an acquisition of another corporation; or (iv) have substantially all of its assets acquired by another corporation which other corporation assumes the obligations of this Lease (each, a "Permitted Assignment"), in each case provided that (a) Landlord is promptly provided with notice thereof following the effective date of such Permitted Assignment, (b) Tenant remains fully liable for the full performance of Tenant's obligations under the Lease to the extent Tenant survives following such Permitted Assignment, and (c) in the case of an assignment, the successor assumes in writing all obligations under this Lease and in the case of a sublease, the sublessee assumes, in writing, all obligations under this Lease applicable to the sublease premises. Any assignee or sublessee under a Permitted Assignment is herein referred to as a "Permitted Assignee".

20. **ENTRY BY LANDLORD:** Landlord reserves, and shall during normal business hours have, the right, upon no less than 2 business days' prior written notice to Tenant, to enter the Premises to inspect them; to perform any services to be provided by Landlord hereunder; to submit the Premises to prospective purchasers, mortgagers or tenants; to place "For Sale" signs (at any time) or "For Lease" signs (during the last twelve months of the term, or during the period of any default); to post notices of nonresponsibility; and to alter, improve or repair the Premises and any portion of the Complex, all without abatement of rent; and may erect scaffolding and other necessary structures in or through the Premises where reasonably required by the character of the work to be performed; provided, however, that the business of Tenant shall be interfered with to the least extent that is reasonably practical. For each of the foregoing purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Notwithstanding the foregoing, Tenant shall not be required to provide Landlord with keys to unlock interior office doors, or to unlock interior areas containing safes, computer servers, or sensitive, proprietary or confidential information of Tenant. Landlord shall also have the right at any time to change the arrangement or location of public parts of the Complex and to change the name, number or designation by which the Complex is commonly known, and none of the foregoing shall be deemed an actual or constructive eviction of Tenant, or shall entitle Tenant to any reduction of rent hereunder and no such changes shall unreasonably interfere with Tenant's use of or access to the Premises leased hereunder.

21. DEFAULT/REMEDIES

A. **Default:** The following events shall constitute a default under this Lease:

1. The commencement of a bankruptcy action or liquidation action or reorganization action or insolvency action or an assignment of or by Tenant for the benefit of creditors, or any similar action undertaken by Tenant, or the insolvency of Tenant, shall, at Landlord's option, constitute a breach of this Lease by Tenant.

2. The failure to pay any monetary amount due under this Lease within ten (10) days after written notice to Tenant from Landlord that such amount is past due. It is expressly agreed that such ten (10) day notice of Landlord may be in the form of notice pursuant to California Code of Civil Procedure Section 1161,

or any successor statute, providing ten (10) days to cure and if Tenant fails to so cure no further such notice shall be required of Landlord to commence an unlawful detainer proceeding.

3. The failure to perform or honor any other covenant, condition or representation made under this Lease, except for the events set forth above in Paragraphs 21A1 and 21A2 above, shall constitute a default hereunder by Tenant should Tenant not cure such failure within ten (10) days from the date of written notice from Landlord within which to cure. If such cure is not possible within such ten (10) day period notwithstanding commercially reasonable efforts by Tenant, Tenant shall not be in default if Tenant commences to cure within such ten (10) day period and diligently pursues the cure without delay. It is expressly agreed that such ten (10) day notice of Landlord may be in the form of notice pursuant to California Code of Civil Procedure Section 1161, or any successor statute, providing ten (10) days to cure and if Tenant fails to so cure no further such notice shall be required of Landlord to commence an unlawful detainer proceeding.

B. Remedies: Upon a default of this Lease by Tenant, Landlord shall have the following rights and remedies in addition to any other rights or remedies available to Landlord at law or in equity:

1. The rights and remedies provided for by California Civil Code Section 1951.2, including but not limited to, recovery of the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subsection (b) of said Section 1951.2; and

2. The rights and remedies provided by California Civil Code 1951.4 which allows Landlord to continue the Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due, for so long as Landlord does not terminate Tenant's right to possession. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of Tenant's right to possession; and

3. The right to terminate this Lease by giving notice to Tenant in accordance with applicable law; and

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

5. The right to have a receiver appointed for Tenant upon application by Landlord, to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord pursuant to subparagraph (4) above; and

6. The right to any other amount to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would be likely to result therefrom, including without limitation (i) any costs expenses incurred by Landlord (in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning the Premises;

or any portion thereof, including such acts for reletting to a new lessee or lessees; (iii) for leasing commissions; (iv) any fines, costs, penalties and/or interest incurred by Landlord as a result of Tenant's late payment; or (v) for any other costs necessary or appropriate to relet the Premises; and

7. The right to all reasonable attorneys' fees incurred by Landlord as a result of Default, and costs in the event suit is filed by Landlord to enforce such remedy.

C. **Cumulative Remedies:** The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity.

D. **No Possession:** No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Tenant prior to the expiration of the Term, and such acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by Landlord. The surrender of this Lease by Tenant, voluntarily or otherwise, shall not work a merger unless Landlord elects in writing that such merger take place, but shall operate as an assignment to Landlord of any and all existing subleases, or Landlord may, as its option, elect in writing to treat such surrender as a merger terminating Tenant's estate under this Lease, and thereupon Landlord may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

E. **Cross-Default:** As a material part of the consideration for the execution of this Lease by Landlord and Tenant, it is agreed between Landlord and Tenant, that a default by Tenant or by Landlord under the Phase 1 Lease (as defined in the Paragraph entitled "Default" in the Phase 1 Lease) or under this Lease shall be considered to be a default under the Phase 1 Lease as well as this Lease. In the event of a default by Tenant or Landlord under the Phase 1 Lease, or this Lease, Landlord or Tenant may pursue the remedies permitted by law or pursuant to the terms of the Phase 1 Lease and this Lease, as if Tenant or Landlord had defaulted under any one or both of such leases.

22. **[Intentionally Deleted]**

23. **DESTRUCTION:** In the event the Premises are damaged or destroyed in whole or in part from any cause, or in the event any utility service servicing the Premises becomes completely inoperable, Landlord shall, within fifteen (15) business days of the event of such damage, destruction or cessation of service, notify Tenant in writing as to the approximate length of time necessary for Landlord to reconstruct the Premises to substantially its former condition or to have such utility services restored. If such estimate exceeds one hundred eighty (180) days from the date of damage, destruction or cessation of service, either party shall have the option, within thirty (30) days of Landlord's notice, to terminate this Lease as to only the Building as to which the damage or cessation has occurred or, if, as a result of such damage, destruction or cessation of service, Tenant is only able to occupy four (4) Buildings under both this Lease and the Phase 1 Lease, then in that event, Tenant may terminate this Lease in its entirety as well as the Phase 1 Lease in its entirety. In addition, if the reconstruction of the Premises or restoration of the utility service exceeds Landlord's estimate, as set forth in Landlord's notice, Tenant shall, once it becomes clear that such estimate will be exceeded until such time as the reconstruction or restoration is complete, have the right to terminate this Lease as to the Building as to which the damage or cessation has occurred or, if, as a result of such damage, destruction or cessation of service, Tenant is only able to occupy four (4) Buildings under both this Lease and the Phase 1 Lease, Tenant may terminate this Lease in its entirety as well as the Phase 1 Lease in its entirety. If such a termination occurs, the obligations under this Lease shall be equitably revised based on the square footage of the Premises terminated in relation to the total square footage of the Premises prior to termination. If neither party elects to terminate, or if neither party is entitled to terminate under this Paragraph, Landlord shall promptly, at its sole expense, rebuild or restore the Premises or the utilities to substantially the condition existing prior to the date of damage, destruction or cessation of service. Tenant shall be entitled to a reduction in rent while such repair is being made in the proportion that the area of the Premises is rendered unusable bears to the total square footage of the Premises. Notwithstanding anything herein to the contrary, Landlord's obligation to rebuild or restore shall be limited to the building, interior improvements and utilities as they existed as of the Commencement Date of the Lease, but shall not include (a) restoration of Tenant's trade fixtures, equipment, merchandise or any improvements, alterations or additions made by Tenant to the Premises, or (b) any damage caused by the act or breach of this Lease by Tenant, which damage Tenant shall forthwith replace or fully repair at Tenant's sole cost and expense. Unless a termination occurs pursuant to the foregoing provisions, this Lease shall remain in full force and effect as to the entirety of the Premises. Tenant hereby expressly waives the provisions of section 1932, Subdivision 2, and section 1933, Subdivision 4 of the California Civil Code.

Notwithstanding anything to the contrary set forth above, in the event the damage or destruction of the Premises (i) occurs during the last two years of the term (unless any applicable extension option has been

exercised) and (ii) has rendered at least 50% of the Premises unusable by Tenant, Landlord shall have the option during the aforementioned fifteen (15) business day period to elect not to rebuild the Premises by so notifying Tenant, in which case Tenant may elect to terminate this Lease and/or the Phase 1 Lease by so notifying Landlord.

Notwithstanding the foregoing, in the event Landlord elects not to rebuild or restore the Premises or any Building constituting a portion of the Premises, and notifies Tenant that Landlord desires to terminate the Lease as to that Building, Tenant may, by providing written notice to Landlord within 30 days of the date it receives notice of Landlord's intent to terminate, elect to rebuild one or more of the Buildings which were so damaged. In the event Tenant makes the election set forth herein, then this Lease shall continue in full force and effect, and any insurance proceeds for the damage being repaired by tenant shall be assigned to and paid over to Tenant to the extent Tenant pays the same for such restoration. Tenant shall then immediately commence, at its sole cost and expense, restoring such Buildings to the condition they were in prior to the date of such destruction.

24. EMINENT DOMAIN: If all or any part of the Premises shall be taken by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, this Lease shall terminate as to any portion of the Premises so taken or conveyed on the date when title vests in the condemnor, and Landlord shall be entitled to any and all payment, income, rent, award or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance, and Tenant shall have no claim against Landlord or otherwise for the value of any unexpired term of this Lease. Notwithstanding the foregoing Paragraph, any compensation specifically awarded Tenant for Tenant's personal property, relocation costs, business damage or business interruption, specifically excluding, however, the so called "bonus value" of this Lease, shall be and remain the property of Tenant (it being specifically acknowledged that Tenant shall not be entitled to any so called "bonus value" of the Lease).

In the event of a partial taking or conveyance of the Premises, if the portion of the Premises taken or conveyed is so substantial that the Tenant can no longer reasonably conduct its business from the remaining Premises, Tenant shall have the privilege of terminating this Lease. In addition, if the portion of the Premises which is taken that is contained in any Building renders that portion of the Premises unusable to Tenant, Tenant may terminate this Lease only as to the Building as to which the taking has occurred. Any termination hereunder must occur within sixty (60) days from the date of such taking or conveyance, upon written notice to Landlord of its intention so to do, and upon giving of such notice this Lease shall terminate on the last day of the calendar month next following the month in which such notice is given or upon the effective date of the taking, at Tenant's election, upon payment by Tenant of the rent through the date of termination.

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

25. SALE OR CONVEYANCE BY LANDLORD: In the event of a sale or conveyance of the Complex or any interest therein by Landlord, Landlord shall thereby be released from any liability relating to events occurring after the date of such sale or conveyance, and from any terms, covenants or conditions (express or implied) to be performed after the date of such sale or conveyance in favor of Tenant, and in such event, with respect to such items, Tenant agrees to look solely to the successor in interest of such transferor in and to the Complex and this Lease. This Lease shall not be affected by any such sale or conveyance, and Tenant agrees to attorn to the successor in interest of such transferor.

26. SUBORDINATION; ATTORNMENT; NON-DISTURBANCE.

A. **Subordination.** Subject to the provisions of subparagraph (C), below, this Lease shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or mortgage (collectively, "Mortgage") now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof. Tenant agrees that any person holding any Mortgage shall have no duty, liability, or obligation to perform any of the obligations of Landlord under this Lease. In the event of Landlord's default with respect to any such obligation, Tenant will give any Lender, whose name and address have previously been furnished in writing to Tenant, notice of a default by Landlord; provided, however, that Tenant shall not be liable to any Lender for failure to provide the notice provided for herein. Tenant may not exercise any remedies for default by Landlord unless and until Landlord and the Lender shall have received written notice of such default and 30 days shall thereafter have elapsed without the default

having been cured. If any Lender shall elect to have this Lease superior to the lien of its Mortgage and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such Mortgage.

B. **Attornment.** Subject to the nondisturbance provisions of subparagraph C of this Paragraph, Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Mortgage. In the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be liable for security deposits, unless same has been transferred to the acquiring party, or be bound by prepayment of more than one month's rent. Landlord represents and warrants that, as of the date hereof, there are no Mortgages encumbering the Complex.

C. **Non-Disturbance.** Landlord represents that there are no existing Mortgage encumbering any portion of the Complex. With respect to a Mortgage entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving assurance (a "nondisturbance agreement") from the Mortgage holder in a commercially standard form that Tenant's possession and this Lease will not be disturbed so long as Tenant is not in default and attorns to the record owner of the Premises, and the subordination provided for under subparagraph (A), above, is expressly conditioned upon Tenant receiving a nondisturbance agreement.

D. **Self-Executing.** The agreements contained in this Paragraph shall be effective without the execution of any further documents; provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing, or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or nonsubordination, attornment, and/or nondisturbance agreement, as is provided for herein.

27. **HOLDING OVER:** Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. If Tenant holds over with the consent of Landlord: (a) the Base Rent payable shall be increased to 150% of the Base Rent applicable during the month immediately preceding such expiration or earlier termination; (b) Tenant's right to possession shall be on a month to month basis, terminable on 30 days notice from either party; and (c) all other terms and conditions of this Lease shall continue to apply. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant.

28. **ESTOPPEL CERTIFICATE:**

A. Tenant shall at any time upon not less than thirty (30) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, are claimed, and (c) setting forth such other matters as Landlord may reasonably request. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that this Lease is in full force and effect, without modifications except as may be represented by Landlord; that there are no uncured defaults in Landlord's performance, that not more than one month's rent has been paid in advance, and that any other matters set forth in Landlord's request are true and correct.

B. Landlord shall at any time upon not less than thirty (30) days' prior written notice from Tenant, execute, acknowledge and deliver to Tenant a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, (b) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults, if any, are claimed, and (c) setting forth such other matters as Tenant may reasonably request. Any such statement may be conclusively relied upon by any prospective transferees of the Lease or subtenants of the Premises, or by any prospective purchaser of Tenant or of substantially all of the assets of Tenant.

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

30. **RIGHT TO PERFORM:**

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

B. All terms, covenants and conditions of this Lease to be performed or observed by Landlord shall be performed or observed by Landlord at Landlord's sole cost and expense (subject to reimbursement rights as specified elsewhere in this Lease). If Landlord shall fail to commence to perform any term or covenant hereunder on its part to be performed after expiration of all applicable notice and cure periods, Tenant, without waiving or releasing Landlord from any obligation of Landlord hereunder, may, but shall not be obligated to, perform any such other term or covenant on Landlord's part to be performed. All reasonable sums so paid by Tenant and all reasonably necessary costs of such performance by Tenant together with interest thereon at the rate of the prime rate of interest per annum as quoted by the Bank of America from the date of such payment of performance by Tenant, shall be paid (and Landlord covenants to make such payment) to Tenant on demand by Tenant.

31. **ATTORNEYS' FEES:**

A. In the event that Landlord should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease, or for any other relief against Tenant hereunder, or in the event that Tenant should bring suit against Landlord for the recovery of any sums due hereunder or because of the breach of any provision of this Lease or for any other relief against Landlord hereunder, then all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action.

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

33. **NOTICES:** Except as provided in any applicable unlawful detainer statutes, in which case Landlord may either elect that this notice provision shall not apply, or to serve such notices solely in accordance with this provision in which case the unlawful detainer statutes notice provision shall not apply; all notices, demands, requests, advices or designations which may be or are required to be given by either party to the other hereunder shall be in writing. All notices, demands, requests, advices or designations by Landlord to Tenant shall be sufficiently given, made or delivered if personally served, or if sent by United States certified or registered mail, postage prepaid, or by recognized overnight delivery service (such as Federal Express or United Parcel Service), addressed to Tenant as set forth below, or to such other address as Tenant may direct by written notice to Landlord. All notices, demands, requests, advices or designations by Tenant to Landlord shall be sufficiently given, made or delivered if personally served, or if sent by United States certified or registered mail, postage prepaid, or by recognized overnight delivery service (such as Federal Express or United Parcel Service) addressed to Landlord at its offices at 3201 Ash Street, Palo Alto, CA 94306 with a copy to Landlord's property manager, Willis and Company, 1793 Lafayette Street, Suite 220, Santa Clara, 95050 or to such other addresses as Landlord may direct by written notice to Tenant. Each notice, request, demand advice or designation referred to in this Paragraph shall be deemed received: (i) on the date served if personally served; (ii) three (3) business days after mailing if mailed by United States Postal Service in the manner herein provided; or (iii) one (1) business days after sending, if sent via recognized overnight delivery service. Tenant's address for notices shall be as follows:

2632 Marine Way

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

Mountain View, CA 94043
Attention: Director, Corporate Services

and, with respect to all legal notices, a copy to

2632 Marine Way
Mountain View, CA 94043
Attention: General Counsel

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

35. **DEFAULT BY LANDLORD:** Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord (and to the holder of any mortgage or deed of trust covering the Premises whose name and address shall have heretofore been furnished to Tenant in writing), specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligations is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Notwithstanding the foregoing, Landlord and Tenant agree that under certain "emergency circumstances", Tenant shall have the right to perform obligations otherwise required of Landlord without the necessity of providing Landlord (and any Mortgagee) with any notice or opportunity to cure. Under such emergency circumstances, Tenant shall use its good faith reasonable judgment in determining a shorter notice period for response by Landlord or determining that the matter at hand must be resolved immediately such that notice can only be given after the fact. For the purposes hereof, "emergency circumstances" shall mean: (i) any hazardous situation that poses a threat of damage, destruction or injury to any person or property of a material nature or otherwise threatens the safety of employees and/or visitors to the Premises; or (ii) any other circumstance that involves a substantial interference with the operations of Tenant's business enterprise in the Premises, including, without limitation, the launching of new software products or revisions thereto (especially to correct existing problems which must be addressed immediately) to enable customers to perform needed financial and tax-related functions, which is of special concern during the months preceding April 15th of each calendar year.

36. **CORPORATE AUTHORITY:** If Tenant is a corporation, a partnership, a limited liability company, or any other form of entity, each individual executing this Lease on behalf of said entity represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said entity in accordance with the organizational documents of said entity and that this Lease is binding upon said entity.

37. **Intentionally Deleted.**

38. **LIMITATION OF LIABILITY:** In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:

- A. The sole and exclusive remedy shall be against Landlord and Landlord's assets;
- B. No partner of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of the partnership)
- C. No service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction of the partnership)
- D. No partner of Landlord shall be required to answer or otherwise plead to any service of process;
- E. No judgment shall be taken against any partner of Landlord;
- F. Any judgment taken against any partner of Landlord may be vacated and set aside at any time without hearing;
- G. No writ of execution will ever be levied against the assets of any partner of Landlord;

H. These covenants and agreements are enforceable both by Landlord and also by any partner of Landlord.

I. The term, "Landlord", as used in this Paragraph, shall mean only the owner or owners from time to time of the fee title or the tenant's interest under a ground lease of the land described in **Exhibit "B"**.

39. **BROKERS:** Tenant warrants that it had dealing with only The Staubach Company, which represents Tenant, in connection with the negotiation of this Lease. Tenant knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay The Staubach Company a brokerage commission, pursuant to a separate written commission agreement between Landlord and The Staubach Company in connection with this Lease.

40. **SIGNS:** No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside of the Premises or any exterior windows of the Premises without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, conditioned or delayed, and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. If Tenant is allowed to print or affix or in any way place a sign in, on, or about the Premises, then upon expiration or other sooner termination of this Lease, Tenant at Tenant's sole cost and expense, shall both remove such sign and repair all damage in such manner as to restore all aspects of the appearance of the Premises to the condition prior to the placement of said sign. Subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant may, at its sole cost and expense, install a monument sign located at the main driveway entrance to the Complex; install suitable Building signage adjacent to the Premises; and install suitable directional signage in the Common Areas.

All approved signs or lettering on outside doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

All of Tenant's existing signage for which Landlord previously approved may remain.

All signage must comply with all applicable laws.

41. **FINANCIAL STATEMENTS:** If Tenant tenders to Landlord any information in connection with this Lease on the financial stability, credit worthiness or ability of the Tenant to pay the rent due and owing under the Lease, then Landlord shall be entitled to rely upon the information provided in determining whether or not to enter into this Lease Agreement with Tenant and Tenant hereby represents and warrants to Landlord the following: (a) that all documents provided by Tenant to Landlord are true and correct copies of the original; and (b) Tenant has not withheld any information from Landlord which is material to Tenant's credit worthiness, financial condition or ability to pay the rent; and (c) all written information supplied by Tenant to Landlord in connection with this Lease is true, correct and accurate in all material respects; and (d) no part of the information supplied by Tenant to Landlord contains misleading or fraudulent statements as to any material matter in every material aspect. Nothing contained herein, however, shall require Tenant to render any financial information to Landlord unless otherwise specifically provided.

42. **HAZARDOUS MATERIALS:**

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

B. Landlord represents to the best of its knowledge, without any investigation, nor the duty to investigate, that there are no Hazardous Materials on the Premises which are in violation of applicable laws. On a strictly confidential basis, Owner will deliver copies to Intuit of any reports concerning the Hazardous Materials

condition of the Premises currently in its possession or that Landlord receives in the future. Intuit shall not deliver such documents nor disclose the contents thereof to any third party absent Owner's written consent.

C. Tenant shall not cause any Hazardous Material to be improperly or illegally used, stored, discharged, released or disposed of in, from, under or about the Premises or the Complex, or any other land or improvements in the vicinity of the Premises or the Complex. Without limiting the generality of the foregoing, Tenant, at its sole cost, shall comply with all laws relating to Hazardous Materials that it uses at the Premises. If Tenant or Tenant's guests, invitees, contractors or agents use, storage, discharge, release or disposition of Hazardous Materials on the Premises results in contamination of the Premises or the Complex or any soil in or about the Premises or the Complex, Tenant, at its sole expense shall promptly take all actions necessary to remediate the Premises or the Complex, or any soil in or about the Premises or the Complex, of any such Hazardous Materials which are present as a result of Tenant or Tenant's guests, invitees, contractors or agents use, storage, discharge, release or disposition to the full extent required by law. The termination of this Lease shall not terminate or reduce the liability or obligations of Tenant under this Paragraph, or as may be required by law, to clean up, monitor or remove any Hazardous Materials from the Premises or the Complex.

Tenant shall defend, hold harmless and indemnify Landlord and its agents and employees with respect to all claims, damages and liabilities arising out of or in connection with Tenant's use, storage, discharge, release or disposition of Hazardous Materials in, from, under or about the Premises or the Complex during the Lease term and whether or not Tenant had knowledge of such Hazardous Material, including, without limitation, any cost of monitoring or removal, any reduction in the fair market value or fair rental value of the Premises or the Complex and any loss, claim or demand by any third person or entity relating to bodily injury or damage to real or personal property.

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

D. In the event Hazardous Materials are discovered in or about the Premises or the Complex, and Landlord has substantial reason to believe that Tenant was responsible for the presence of the Hazardous Material, then Landlord shall have the right to appoint a consultant, at Landlord's expense, to conduct an investigation to determine whether Hazardous Materials are located in or about the Premises or the Complex and to determine the corrective measures, if any, required to remove such Hazardous Materials. If Landlord can show that Tenant was responsible for the presence of specific Hazardous Materials in, on or about the Premises or the Complex, then Tenant, at its expense, shall take such action to remediate such Hazardous Materials for which it was responsible from the Premises and the Complex to the full extent required by law, and shall reimburse Landlord for the cost of its consultant. To the extent Landlord cannot show that Tenant was responsible for the presence of specific Hazardous Materials, then Landlord shall be responsible for any costs incurred under the terms of this Paragraph, and shall reimburse Tenant for any costs incurred by Tenant in responding to Landlord's investigation.

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

E. Tenant shall surrender the Premises to Landlord, upon the expiration or earlier termination of the Lease, free of Hazardous Materials the presence of which were caused by Tenant or Tenant's guests, invitees, contractors or agents. If Tenant fails to so surrender the Premises, Tenant shall indemnify and hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises as required by this Paragraph, including, without limitation, damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or rental value of the Premises or the Complex by reason of the existence of any Hazardous Materials, which are or were caused by Tenant, in or around the Premises or the Complex. Tenant's indemnity of Landlord as described in this Paragraph 42 shall survive the termination of this Lease.

F. Prior to executing this Lease, Tenant shall provide to Landlord a complete list of all chemicals, toxic waste or Hazardous Materials employed by Tenant within the Premises and the amounts of such employment. Throughout the terms of the Lease, Tenant shall continue to update this list of chemicals, contaminants and Hazardous Materials and the amounts employed by Tenant, its employees, agents or

contractors prior to Tenant's use or storage of any materials that requires such list to be updated. Notwithstanding the foregoing, the provisions of this subparagraph shall not apply to Hazardous Materials normally used in an office environment.

G. Landlord shall be responsible for all costs incurred in connection with the investigation, remediation, monitoring and removal of any Hazardous Materials present in, on or about the Premises or the Complex, or the soil, subsoil or water beneath the Premises or the Complex, which was caused by Landlord or Landlord's agents. Landlord shall indemnify and hold Tenant and each Tenant Indemnitee harmless from and against any and all claims, liabilities, causes of action, damages, remediation costs, monitoring costs, clean-up costs, and other costs and expenses (including, without limitation, attorneys' fees) incurred by Tenant and/or any Tenant Indemnitee as a result of any Hazardous Material being present in, on or about the Premises or the Complex, or the soil, subsoil or water beneath the Complex, to the extent such was caused by Landlord or Landlord's agents. Landlord's indemnity of Tenant as described in this Paragraph 42 shall survive the termination of this Lease.

H. Tenant shall not be liable for nor otherwise obligated to Landlord under any provision of this Lease with respect to any claim, cost, expense or damage resulting from any Hazardous Material present upon the Premises or the Complex to the extent not caused by Tenant or Tenant's guests, invitees, contractors, agents or employees; provided, however, Tenant shall be fully liable for and otherwise obligated to Landlord under the provisions of this Lease for all liabilities, costs, damages, penalties, claims, judgments, expenses (including, without limitation, attorneys' and experts' fees and costs) and losses to the extent Tenant or Tenant's guests, invitees, contractors, agents or employees contributes to the presence of such Hazardous Materials or Tenant or Tenant's guests, invitees, contractors, agents or employees exacerbates the conditions caused by such Hazardous Materials.

I. Except for any Hazardous Materials required to be monitored, remediated or removed by Tenant under and pursuant to this Lease, Landlord agrees that, if and only to the extent required by any governmental entity having jurisdiction over the Complex in a final non-appealable order issued against Tenant, it shall monitor, remediate or remove, or cause to be monitored, remediated or removed: (i) any Hazardous Materials which existed on the Complex as of the effective date of this Lease that were not caused by Tenant or Tenant's guests, invitees, contractors or agents, and (ii) any Hazardous Materials introduced to the Complex after the effective date of this Lease that were not caused by Tenant or Tenant's guests, invitees, contractors or agents.

43. MISCELLANEOUS AND GENERAL PROVISIONS

A. [Intentionally Deleted]

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

C. The term "Premises" includes the space leased hereby and any improvements now or hereafter installed therein or attached thereto. The term "Landlord" or any pronoun used in place thereof includes the plural as well as the singular and the successors and assigns of Landlord. The term "Tenant" or any pronoun used in place thereof includes the plural as well as the singular and its successors and assigns, according to the context hereof, and the provisions of this Lease shall inure to the benefit of and bind such successors and assigns.

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

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

F. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within thirty (30) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any title company licensed to operate in the State of California, to remove the cloud or encumbrance created by this Lease from the real property of which Tenant's Premises are a part.

G. This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord

and Tenant hereby agree that all prior or contemporaneous oral agreements between and among themselves and the agents or representatives relative to the leasing of the Premises are merged in or revoked by this agreement.

H. Tenant shall not record this Lease or a short form memorandum hereof without the consent of Landlord.

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

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

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

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

M. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies in law or in equity.

N. Tenant acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures. Landlord has no obligations to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents, invitees and their property from the acts of third parties.

O. Landlord reserves the right to grant easements that Landlord deems necessary and to cause the recordation of parcel maps, so long as such easements and maps do not unreasonably or materially interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easements or maps.

44. Expansion Option:

A. **Option:** Tenant is hereby granted an expansion option, as set forth below, on approximately 29,155 rentable square feet located at 2593 Coast Avenue, Mountain View, California, known by Landlord as Building F and hatch marked on **Exhibit D** attached hereto and hereinafter referred to as "**Building F — 2593 Coast Expansion Building**". As of the date of this Lease, the Building F — 2593 Coast Expansion Building is divided into three (3) separate spaces. The first space, which is on the ground floor, is comprised of approximately 13,666 rentable square feet and is leased to Optonics, Inc. ("Optonics Space"). The second space, which is on the second floor, is comprised of approximately 12,866 rentable square feet and has been commonly referred to as the "Ironhide Space". The third space, which is on the second floor, is comprised of approximately 2,623 square feet (the "Residual Space," with the Ironhide Space and the Residual Space being collectively referred to as the "Second Floor Space").

The rentable square footage of Building F — 2593 Coast shall be deemed to equal 29,155, the rentable square footage of the Optonics Space shall be deemed to equal 13,666, the rentable square footage of the Ironhide Space shall be deemed to equal 12,866 and the rentable square footage of the Residual Space shall be deemed to equal 2,623.

If exercised, the lease for the Optonics Space and/or the Second Floor Space shall commence on the dates hereafter provided, and Landlord shall deliver such space to Tenant vacant, in broom clean condition and free of any tenancy or occupants. Such lease and Tenant's option rights under this paragraph are subject to the Optonics' lease and Optonics' option to extend such lease for the Optonics Space. Optonics' lease expires September 14, 2005, and Optonics has a three (3) year renewal option to be exercised not later than May 31, 2005.

Landlord shall not enter into leases for any space in the Building F — 2593 Coast Expansion Building that extends beyond August 31, 2006 (subject to Optonics option to extend) unless Tenant does not exercise its option under this Paragraph 44.

The option to expand must be exercised by Tenant's providing written notice of such exercise ("Option Notice") in accordance with the following:

1. **Exercise With Respect to Building F Space to Be Available On September 1, 2006:** Even though the Optonics lease expires September 14, 2005, Tenant shall have until and must provided the Option Notice, if at all, for all available space in Building F-2593 Coast (that is both the Second Floor Space and, if Optonics does not exercise its option to extend, the Optonics Space), such that it is received by Landlord by December 1, 2005. In the event of such exercise, the lease for such space shall commence on the later of September 1, 2006, or the date such space is delivered by Landlord to Tenant, vacant, broom clean and free of any tenancy or occupants. Notwithstanding the foregoing, in the event all of the space specified in the Option Notice is not delivered by Landlord to Tenant by December 1, 2006, Tenant may, at any time thereafter until delivery is tendered by Landlord as required under this paragraph, withdraw its Option Notice until all of the space is delivered by Landlord as required hereunder by delivering written notice of withdrawal to Landlord, in which event the Option Notice shall be null, void and of no force and effect, as if never given.

2. **Exercise With Respect to Optonics Space if Optonics Exercises It's Option To Extend:** In the event that Optonics exercises its option to extend it's lease beyond September 14, 2005, Tenant must provide the Option Notice, if at all, for such space, such that it is received by Landlord by December 15, 2007. In the event of such exercise, the lease for the Optonics Space shall commence on the later of September 15, 2008, or the date such premises are delivered by Landlord to Tenant, vacant, broom clean and free of any tenancy or occupants. Notwithstanding the foregoing, in the event the Optonics Space is not delivered by Landlord to Tenant by December 15, 2008, Tenant may, at any time thereafter until delivery is tendered by Landlord as required under this paragraph, withdraw its Option Notice as to the Optonics Space by delivering written notice of withdrawal to Landlord, in which event the Option Notice for the Optonics Space shall be null, void and of no force and effect, as if never given.

3. **Exercise With Respect to Optonics Space if Optonics Exercises It's Option To Extend But Such Lease Terminates Prior to Tenant's Option Notice Deadline:** Notwithstanding subparagraph (2), above, in the event that Optonics exercises it's option to extend it's lease until September 14, 2008, but such lease terminates, for any reason, prior to December 15, 2007, Tenant must provide the Option Notice for the Optonics Space, if at all, such that it is received by Landlord on the later of fifteen (15) days following written notice from Landlord to Tenant that the Optonics lease has or will terminate early, or December 1, 2005. In the event Tenant provides an Option Notice for the Optonics Space as provided herein, the lease for the Optonics Space shall commence on the later of: (i) (3) three months following Tenant's Option Notice for the Optonics Space; (ii) September 1, 2006; (iii) the effective date of termination of the Optonics lease; or (iv) the date the Optonics Space is delivered by Landlord to Tenant, vacant, broom clean and free of any tenancy or occupants. Notwithstanding the foregoing, in the event the Optonics Space is not delivered by Landlord to Tenant by the date which is 90 days following the latest of the dates specified in subparagraphs 44(A)(3)(i) through (iii) hereof, Tenant may, at any time thereafter until delivery of the Optonics Space is tendered by Landlord as required under this paragraph, withdraw its Option Notice as to the Optonics Space by delivering written notice of withdrawal to Landlord, in which event the Option Notice for the Optonics Space shall be null, void and of no force and effect, as if never given.

4. **Notice by Landlord; No Further Extensions:** Should Tenant deliver a written notice requesting information concerning whether or not Optonics exercised its right to extend its lease, Landlord shall respond to Tenant in writing within ten (10) days after it receives such Tenant notice. If Optonics exercises its option to extend its lease after the delivery of Landlord's aforementioned written response, Landlord shall not have any obligation to so inform Tenant unless Tenant has delivered an additional notice inquiring into same, in which event Landlord shall respond in writing within ten (10) days after it receives such second Tenant notice. Landlord agrees that it shall not, without the prior written consent of Tenant: (i) grant any other extensions of the Optonics lease by Optonics which materially alters Tenant's rights under this Lease; (ii) modify the terms of the Optonics lease extension rights which materially alters Tenant's rights under this Lease; or (iii) waive strict compliance with the extension provisions contained in the Optonics lease. Further, in the event Tenant exercises any option to expand with respect to the Optonics Space, Landlord shall, upon the expiration of the Optonics lease, take all commercially reasonable efforts to ensure that the Optonics Space is vacated by Optonics as soon as possible after the expiration of the Optonics lease including, without limitation, the filing of any legal actions necessary or appropriate to commence eviction proceedings, and the prosecution of any such action until Optonics has been evicted from the Optonics Space.

B. **Termination of Option:** If Tenant does not exercise it's right to take all available space in the Building F-2593 Coast Expansion Building, at the first opportunity it has the right to do so, the right to take any further space in the Building F-2593 Coast Expansion Building (which has not previously been the subject of an Option Notice) terminates and Tenant shall not have the option to expand into further space in the Building F-

C. **Exercise of Option:** Tenant's Option Notice must be in writing and be received by Landlord prior to the deadlines set forth above.

D. **Terms of Lease for Expansion Space:** In the event Tenant exercises any option set forth in this Paragraph 44, any space subject to any Option Notice shall be considered a part of the Premises described in this Lease, effective as of the commencement date for such space as defined elsewhere in this Paragraph 44, and the rights and obligations of Landlord and Tenant with respect to such space subject to any Option Notice shall be governed by the terms of this Lease, provided, however, (i) the Base Rent shall be increased by an amount equal to the rentable square feet contained in the expansion space specified in the Option Notice times the Base Rent per square foot being charged for the Premises immediately prior to the effective date of the expansion (and thereafter, such Base Rent shall be subject to annual increases of three percent (3%) as set forth in Paragraph 4A of this Lease [it being understood that the rent schedule in Paragraph 4A shows Base Rent increases on an annual basis which were calculated at an increase of 3% each year so, after the addition of the Expansion Space, if such occurs, such 3% increases shall be adjusted to include the rentable square feet of any portion of the Expansion Space for which Tenant properly exercised its rights hereunder, as part of the Premises]), and, effective as of the commencement date of Tenant acquiring the expansion space, Tenant's Proportionate Share shall be recomputed by adding the rentable square footage contained in the expansion space which is the subject of the Option Notice to the rentable square footage of the Premises immediately prior to the addition of the expansion space, and dividing such sum by the total rentable square footage in the Complex and (ii) Tenant shall receive the following rent concessions: (a) Tenant shall not be required to pay any Base Rent or Additional Rent on such expansion space from the date delivery of such expansion space is delivered by Landlord as required under this paragraph until the earlier of four (4) months after the date of such delivery, or the date Tenant commences conducting its business operations on the additional space, and (b) an equivalent amount of additional free Base Rent and Additional Rent of Fifteen and 00/100 Dollars (\$15.00) per square foot of the additional space being added, which shall be off-set against Base Rent and Additional Rent attributable to the expansion space becoming due immediately after the expiration of the rent abatement period specified under subparagraph 44(D)(ii)(a) hereof. The rent abatement shall be subject to the terms and condition of Paragraph 4B of this Lease with the dates and amounts being interpreted to be the dates and amounts set forth in this Paragraph 44D.

E. **Execution of Lease Amendment.** If Tenant properly delivers any Option Notice, the parties shall promptly execute an amendment to this Lease confirming the addition of the additional space and setting forth the commencement date for such additional space specified in the Option Notice, the new rent amounts, the new Proportionate Share, the rent abatement period, and any other relevant applicable terms as specified in this Paragraph 44. Landlord shall prepare such amendment and Tenant shall promptly execute the same upon Landlord's request. Regardless as to when such amendment is executed, the additional space shall be added hereunder and the terms hereof shall be deemed appropriately amended effective as of the date Landlord delivers the applicable space specified in the Option Notice to Tenant as required under this Paragraph 44.

F. **Exterior Code and Exterior ADA Compliance:** Prior to the delivery of any space specified in any Option Notice by Landlord to Tenant, Landlord will investigate the Building F — 2593 Coast Expansion Building to determine its exterior code and exterior ADA compliance and will make such repairs, modifications and upgrades, at its sole cost and expense, as are necessary to bring the exteriors into compliance with such applicable laws. It is acknowledged that Landlord shall only be required to make such repairs, modifications and upgrades that are actually required to prevent the Building F — 2593 Coast Expansion Building from being in violation of such codes at such time, as opposed to making repairs to bring the Building F — 2593 Coast Expansion Building up to current building codes even though existing improvements do not require current repairs because such improvements are "grandfathered". Any amounts expended by Landlord hereunder shall not be recoverable as an Additional Rent item by Landlord.

45. **Lease of Building A 2600 Casey:** That certain space of approximately 38,527 rentable square feet located at 2600 Casey Avenue, Mountain View, California, and known by Landlord as Building A and hatch marked on Exhibit E and hereinafter referred to as "**Building A — 2600 Casey Avenue**" (the rentable square footage of Building A-2600 Coast shall be deemed to equal 38,527) shall be added to the Premises hereunder effective as of the later of August 1, 2005, or the date Landlord delivers Building A — 2600 Casey Avenue to Tenant vacant, broom clean and free of any tenancy or occupants, or such earlier date as set forth below ("Building A Commencement Date") subject to the following:

A. **Landlord's Right To Attempt To Lease Building A — 2600 Casey:** Prior to the Building A Commencement Date, Landlord shall have the right to attempt to lease Building A — 2600 Casey to a third party. Should Landlord be prepared to enter into a letter of intent to lease all or a portion of Building A — 2600

Casey, upon terms that are acceptable to Landlord (“Third Party Letter of Intent”), Landlord shall deliver a written notice of the same to Tenant who shall then have ten (10) business days from the date of such notice to notify Landlord, in writing, of its election, in its sole discretion, to either (a) accelerate the Building A Commencement Date to the later of (i) February 1, 2005 or (ii) the commencement date set forth in the Third Party Letter of Intent, or (b) elect not to lease Building A — 2600 Casey. Anything herein to the contrary notwithstanding, Landlord may lease Building A — 2600 Casey to the current tenant, Sun Microsystems, but only for a term through not later than July 31, 2005, and any such occupancy by Sun Microsystems shall not trigger a decision by Tenant as hereinabove set forth.

B. Terms of Lease for Building A — 2600 Casey: The leasing of Building A — 2600 Casey shall be governed by the terms of this Lease, provided, however, (i) the Base Rent shall be increased by an amount equal to 38,527 times the Base Rent per square foot being paid by Tenant for the Premises as of the Building A Commencement Date, and Tenant’s Proportionate Share shall be increased by adding 38,527 to the rentable square footage in the Premises immediately prior to the Building A Commencement Date, and dividing such sum by the rentable square footage in the Complex; and (ii) Tenant shall not be required to pay any Base Rent or Additional Rent on Building A — 2600 Casey from the date delivery of Building A — 2600 Casey is delivered by Landlord to Tenant as required under this paragraph until the earlier of four (4) months after the date of such delivery, or the date Intuit commences conducting its business operations on Building A — 2600 Casey. The rent abatement shall be subject to the terms and condition of Paragraph 4B of this Lease with the dates and amounts being interpreted to be the dates and amounts set forth in this Paragraph 4B.

C. Execution of Lease Amendment: As soon as the Building A Commencement Date is known, the parties shall promptly execute an amendment to this Lease confirming the addition of Building A — 2600 Casey and setting forth the commencement date for such additional space, the new rent amounts, the new Proportionate Share, the rent abatement period, and any other relevant applicable terms as specified in this Paragraph 45. Landlord shall prepare such amendment and Tenant shall promptly execute the same upon Landlord’s request. Regardless as to when such amendment is executed, the Building A — 2600 Casey additional space shall be added hereunder and the terms hereof shall be deemed appropriately amended effective as of the Building A Commencement Date.

D. Exterior Code and Exterior ADA Compliance: Prior to the Building A Commencement Date, and prior to Landlord’s delivery of Building A — 2600 Casey to Tenant, Landlord will investigate Building A — 2600 Casey to determine its exterior code and exterior ADA compliance and will make such repairs, modifications and upgrades, at its sole cost and expense, as are necessary to bring the exteriors into compliance with such applicable laws. It is acknowledged that Landlord shall only be required to make such repairs, modifications and upgrades that are actually required to prevent of Building A — 2600 Casey from being in violation of such codes at such time, as opposed to making repairs to bring of Building A — 2600 Casey up to current building codes even though existing improvements do not require current repairs because such improvements are “grandfathered”. Any amounts expended by Landlord hereunder shall not be recoverable as an Additional Rent item by Landlord.

E. Failure to Timely Deliver: In the event Landlord fails to deliver Building A — 2600 Casey to Tenant on or before the earlier of: (i) November 1, 2005, or (ii) the date which is ninety (90) days after later of the dates specified in subparagraphs 45(A)(a)(i) and 45(A)(a)(ii), above, then, until Landlord delivers Building A — 2600 Casey to Tenant as required under this Paragraph 45, Tenant shall have the right to elect, by written notice given to Landlord, not lease Building A — 2600 Casey.

[Remainder of Page Intentionally Left Blank]

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

LANDLORD:

CHARLESTON PROPERTIES
A California General Partnership

By: [Illegible Sig.]

Title: General Partner
Date: 4 Aug 03

TENANT:

INTUIT, INC
a Delaware Corporation

By: /s/ Robert B. Henske

Title: Sr. VP, Chief Financial Officer

By: /s/ Janelle Wolf

Title: Assistant Secretary
Date: August 4, 2003

[Signature Page — Lease Agreement (Phase 2 – Buildings A-F)]

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

Exhibit A

Depiction of Leased Premises
[Hatch Marked]

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

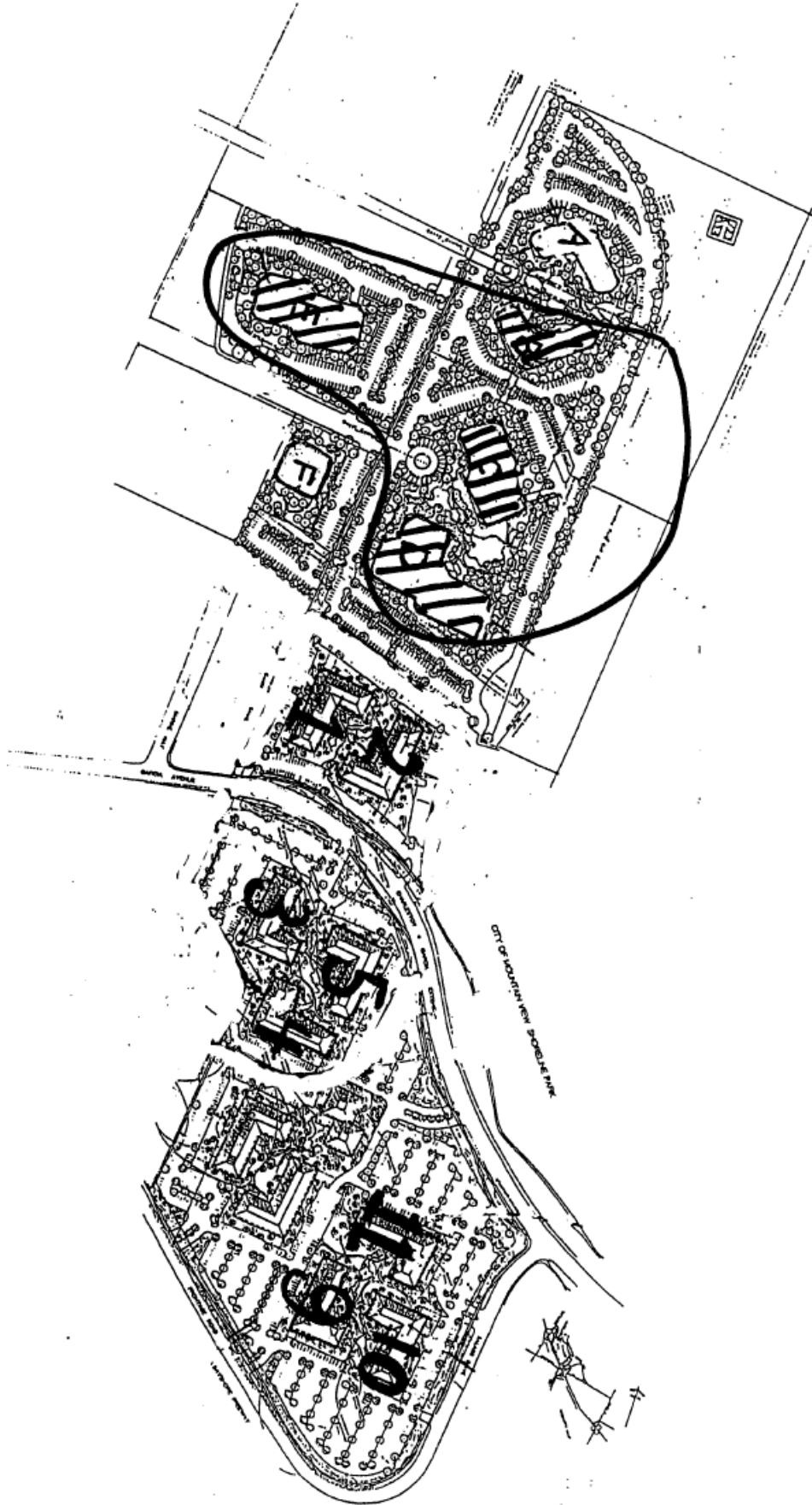


Exhibit B

Depiction of Complex
[Hatch Marked]

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

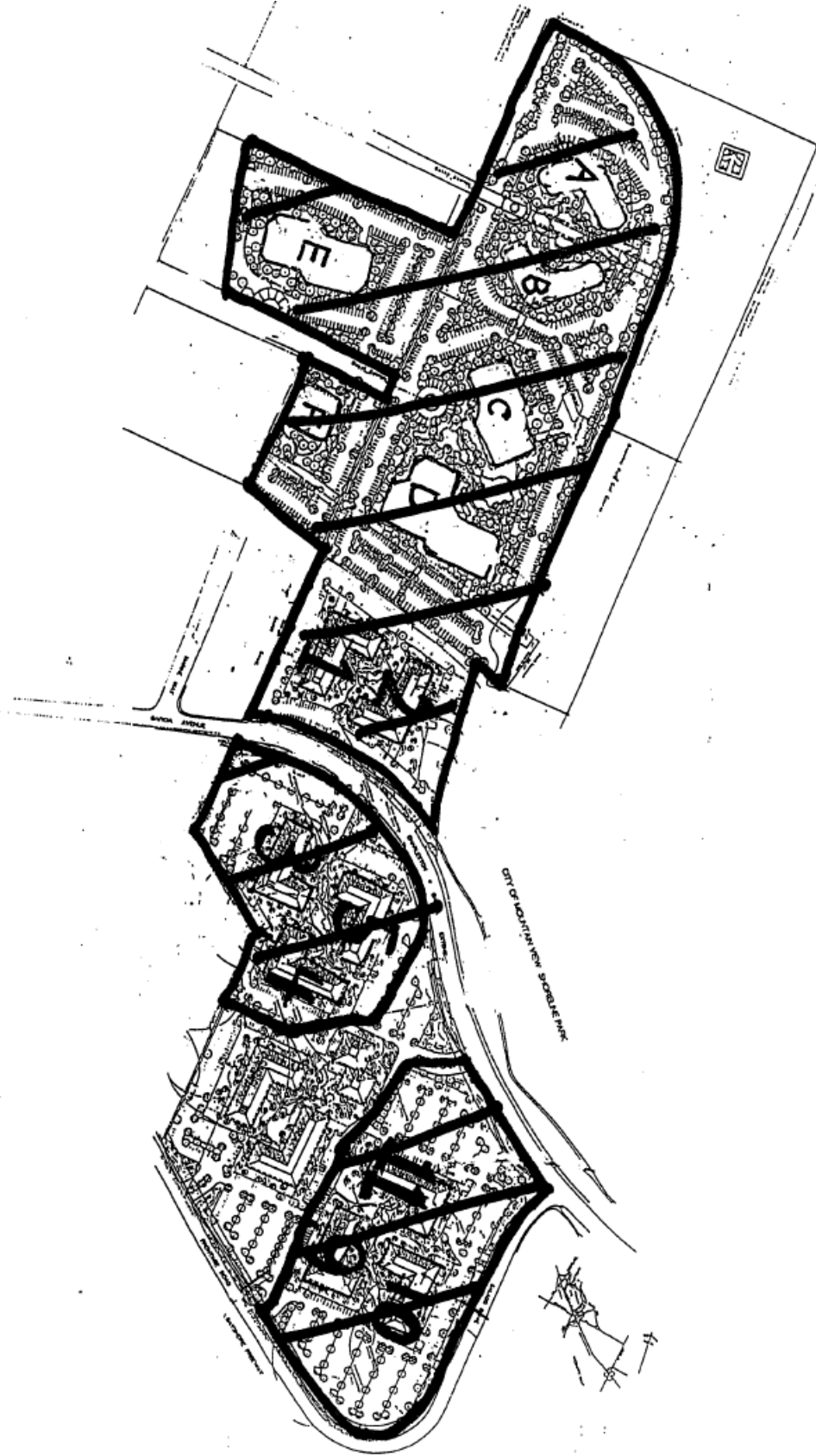


Exhibit C

Covenant, Condition and Restrictions

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

**DECLARATION BY LESSEE OF ESTABLISHMENT OF
EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION is made as of the first (1st) day of March, 1982, by CHARLESTON PROPERTIES, a California General Partnership ("Charleston"), as LESSEE of those certain three (3) parcels (Parcel II, Parcel III, and Parcel IV), leased from Juana Salado, as Trustee of the Salado Living Trust, as LESSOR, located in Mountain View, California, and being described in Exhibit "A" hereto, which exhibit by this reference being made a part hereof.

I. DECLARATION.

Charleston does hereby declare that it has established and does establish mutual ingress and egress easements for the foregoing parcels which are for the mutual benefit of such parcels and of any portion thereof, and shall run with the respective interest of all "Parties" in such parcels, as the term "Parties" is hereinbelow defined, and shall inure to and pass with such parcels and shall apply to and bind the respective successors in interest thereof, and all and each thereof is imposed upon such parcels and any portion thereof.

II. DEFINITIONS.

(a) Party. The term "Party" shall mean Charleston and any successor in interest thereto which acquires Charleston's leasehold interest in or to any parcel, except that such a successor shall not become a Party:

EXHIBIT C

1. While and so long as the transferring party retains the entire possessory interest in the parcel or portion thereof so conveyed by the terms of a deed of trust or mortgage, in which event the party owning such possessory interest shall have the status of Party.

2. If the transfer or conveyance is followed immediately by a subleaseback of the same parcel or portion thereof to such party, or an affiliate thereof, in which event only the sublessee thereof after the subleaseback shall have the status of Party so long as the sublease in question has not expired or been terminated.

3. If the transfer or conveyance is by way of sublease from Charleston or its successor Party to a tenant occupying space in a building located on Parcel II, Parcel III, or Parcel IV.

Upon any transfer or conveyance, which transfer or conveyance would create a new Party, pursuant to the provisions hereof, then the powers, rights and interests herein conferred upon such new Party with respect to the parcel so conveyed, shall be deemed assigned, transferred or conveyed to such transferee or grantee, and the obligations herein conferred upon such new Party shall be deemed assumed by such transferee or grantee with respect to the parcel so acquired.

(b) Beneficial Users. All owners, lessees and occupants of land lying within the parcels and all customers and other business invitees of such owners, lessees and occupants shall be referred to as "Beneficial Users".

(c) Common Ingress and Egress. The Common Ingress and Egress provided for hereunder shall be non-exclusive and only over the roadways crosshatched in red on Exhibit "B", attached hereto and by this reference made a part hereof.

III. GRANT OF EASEMENTS.

(a) Charleston declares the existence of and grants to all subsequent Parties, for their respective use, and for the use of all Beneficial Users in common with all others entitled to use the same (subject to the provisions of Paragraph VI and XV hereof) non-exclusive easements for Common Ingress and Egress of the three parcels for vehicular and pedestrian ingress to and egress from each such parcel over the driveways crosshatched in red on said Exhibit "B", attached hereto.

IV. USE AND MAINTENANCE OF THE COMMON INGRESS AND EGRESS.

(a) All Beneficial Users shall have the nonexclusive right to use the Common Ingress and Egress easements subject to any rules and regulations which may be adopted for the use thereof by all Parties hereto subject to the provisions of Paragraphs VI and XV, hereof. Such rules and regulations, if so adopted, shall apply equally and without discrimination to all Beneficial Users of all such parcels. If unauthorized use is being made of any of the Common Ingress and Egress, any Party may restrain or terminate such unauthorized use by appropriate proceedings.

(b) The use of the Common Ingress and Egress shall be restricted to vehicular and pedestrian traffic and no solicitation of any kind shall be permitted.

(c) Each Party shall operate and maintain, or cause to be operated and maintained, the improved Common Ingress and Egress on its respective parcel in good order, condition and repair. Without limiting the generality of the foregoing, each Party, in the maintenance of the developed Common Ingress and Egress on its parcel, shall observe the following standards:

1. Maintain the surface of the roadways and driveways smooth and evenly covered with the type of surfacing material as shall be in all respects of first-class quality, appearance and durability.

2. Maintain the landscaping and planting areas in the roadways and driveways in a first-class type manner.
3. Remove all papers, debris, filth and refuse and wash or thoroughly sweep.
4. Repaint striping, markers, and directional signs as necessary to maintain in first-class condition.

(d) Each Party shall indemnify and hold harmless each other Party from and against all claims and all costs, expenses and liability (including reasonable attorneys' fees) incurred in connection with all claims, including any action or proceedings brought thereon, arising from or as a result of the death of or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person as shall occur in or about the Common Ingress and Egress for which each such Party is responsible for the maintenance. The indemnity herein provided for shall not extend to any negligent act or omission of any other Party or of the respective agents, servants, employees, licensees, or concessionaires of any thereof.

V. EXCUSE FOR NON-PERFORMANCE.

A Party shall be excused from performing any obligation or undertaking provided in this Declaration, except any obligation to pay any sums of money under the applicable provisions hereof (except where otherwise herein provided), in the event and so long as the performance of any such obligation is prevented or delayed, retarded or hindered by Act of God, fire, earthquake, floods, explosion, actions of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or general shortage of labor, equipment facilities, materials, or supplies in the open market, failure of transportation, strikes, lockouts, action of labor unions,

condemnation, requisition, laws, orders or failure to act of governmental or civil or military or naval authorities, or any other cause, whether similar or dissimilar to the foregoing, not within the reasonable respective control of such Party.

VI. DURATION

Each easement, covenant, restriction, and undertaking of this Declaration shall terminate upon the earlier to occur of (a) September 20, 2053, or (b) the time when (i) no ground lease shall be in effect with respect to any such parcel and (ii) the owner of the fee interest in all parcels shall be the same party or (c) when the loans to First Interstate Bank affecting the properties set forth in Exhibit "A" have been paid off.

VII. ATTORNEYS' FEES.

In the event that at any time during the term of this Declaration any Party or Parties shall institute any action or proceeding against the other or others relating to the provisions of this Declaration or any default hereunder, the unsuccessful Party or Parties in such action or proceedings agree to reimburse the successful Party or Parties therein for the reasonable attorneys' fees and disbursement incurred therein by the successful Party or Parties.

VIII. PAYMENT ON DEFAULT

If pursuant to this Declaration any Party is compelled or elects to pay any sum of money or do any act or acts which require the payment of money by reason of any other Party's failure or inability to perform any of the terms and provisions in this Declaration to be performed by such other Party, the defaulting Party shall promptly, upon demand, reimburse the paying Party for such sums, and all such sums shall bear interest at the rate of the prime rate of interest quoted by the Wells Fargo Bank per annum from the date

of expenditure until the date of such reimbursement. Any other sums payable by any Party to any other pursuant to the provisions of this Declaration that shall not be paid when due, shall bear interest at the rate of the prime rate of interest quoted by the Wells Fargo Bank per annum from the due date to the date of payment thereof. If such repayment shall not be made within ten (10) days after such demand is made, the Party having so paid shall have the right to deduct the amount thereof, together with interest as aforesaid, without liability or forfeiture, from any sums then due or thereafter becoming due from it to the defaulting Party hereunder.

Any deduction made by any Party pursuant to the provisions hereinabove from any sums due or payable by it hereunder shall not constitute a default in the payment thereof unless such Party fails to pay the amount of such deduction to the Party to whom the sum is owing within thirty (30) days after final adjudication that such amount is owing. The option given in this section is for the sole protection of the Party so paying and its existence shall not release the defaulting Party from the obligation to perform the term, provisions, covenants, and conditions herein provided to be performed thereby or deprive the Party so paying of any legal rights which it may have by reason of any such default.

IX. SEVERABILITY

If any term, provision, or condition contained in this Declaration shall, to any extent, be invalid or unenforceable, the remainder of this Declaration (or the application of such term, provision, or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby, and each term, provision, and condition of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

X. GOVERNING LAWS.

This Declaration shall be construed in accordance with the laws of the State of California.

XI. CAPTIONS.

The captions of the sections of this Declaration are for convenience only and shall not be considered nor referred to in resolving questions of interpretation or construction.

XII. TIME OF ESSENCE.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Declaration.

XIII. NOT A PUBLIC DEDICATION.

Nothing herein contained shall be deemed to be a gift or dedication of any portion of any parcel to the general public or for the general public or for any public purpose whatsoever, it being intended that this Declaration shall be strictly limited to and for the time period and the purposes herein expressed.

XIV. BREACH SHALL NOT PERMIT TERMINATION.

Except as expressly provided herein, no breach of this Declaration shall entitle any Party to cancel or rescind or otherwise terminate this Declaration, but such limitation shall not affect in any manner any other right or remedies which a Party may have hereunder by reason of any breach of this Declaration.

XV. MODIFICATION PROVISIONS.

Notwithstanding anything herein to the contrary, this Declaration may be modified in any respect whatsoever or rescinded in whole or in part, by written instrument duly executed and acknowledged by all of the Parties.

XVI. NOTICES.

Any notice, demand, request, consent, approval, designation or other communication with any Party is required or desires to give or make or communicate to any other Party shall be in writing and shall be given or made or communicated by United States registered or certified mail, addressed in the case of Charleston to:

Charleston Properties
755 Page Mill Road, Suite A-200
Palo Alto, California 94304

subject to the right of any Party to designate a new address by notice similarly given. Any notice, demand, request, consent, approval, designation, or other communication so sent shall be deemed to have been given, made, or communicated, as the case may be, on the date the same was deposited in the United States mail as registered or certified matter, with postage thereon fully paid.

IN WITNESS WHEREOF, Charleston has executed this instrument.

CHARLESTON PROPERTIES
a California General Partnership

By /s/ (SIG ILLEGIBLE)

By /s/ (SIG ILLEGIBLE)

8702954
J615 PAGE 1535
FILED FOR RECORD AT REQUEST OF
Charleston Properties

FEB 27 3:15 PM '86

OFFICIAL RECORDS

SANTA CLARA COUNTY
LAURIE KANE
RECORDER

Recording requested by and

upon recording, return to:
Charleston Properties
755 Page Mill Road, Suite A200
Palo Alto, CA 94304

REC FEE	8
RMF	6
MICRO	1
LIEN NOT	
SMPF	
POGR	

DECLARATION ESTABLISHING RESTRICTIVE COVENANT

THIS DECLARATION is made on the date hereafter set forth by Juana Salado, as Trustee of the Salado Living Trust dated June 7, 1976, Manuel A. Salado, Jr., Clarence A. Salado, Walter A. Salado, Richard M. Salado, and Harold A. Salado, each jointly hereinafter referred to as "Declarants".

WHEREAS, the Declarants are the owners of that certain real property located in the City of Mountain View, County of Santa Clara, State of California, more particularly described on Exhibit A, attached hereto and incorporated herein by reference, (the Property); and

WHEREAS, by Application Number 184-85-PM, Charleston Properties, Ground Lessee of Declarants, has applied to the City of Mountain View (the City) for approval of a parcel map dividing the Property into three resulting parcels (Parcel 1, Parcel 2, and Parcel 3), a copy of the parcel map is attached hereto as Exhibit B; and

WHEREAS, the City of Mountain View has conditionally approved said application for parcel map; and

WHEREAS, a condition of said approval requires that Declarants record a Deed Restriction acceptable to the City which may not be modified without the City's consent and to which the City agrees to be bound as set forth below, declaring that the combined total area of the Property shall be used to determine the allowable combined square footage ratio for all buildings to be constructed on Parcels 1, 2, and 3; and



WHEREAS, it is the express purpose of Declarants to satisfy said condition, by the execution, acknowledgement, and recordation of this Declaration creating the restrictive covenant referred to herein, which said act Declarants would not do, but for the requirement of the City to be bound by the terms of the restrictive covenant;

NOW, THEREFORE, Declarants hereby declare that they have established and do hereby establish and adopt the restrictive covenant contained herein upon the Property and the Property and each portion thereof shall be held, used, leased, encumbered, sold, and conveyed, subject to this Declaration and the restrictive covenant contained herein. This Declaration shall run with the Property and shall be binding upon all parties having or acquiring any right, title, or interest in the Property or any portion thereof and their respective successors-in-interest, as follows:

1. Restrictive Covenant. As a result of the subdivision resulting from the recording of the parcel map which configures the three resulting lots as set forth on Exhibit B, the combined total area of Parcels 1, 2, and 3 of 20.432 acres shall be used to determine the allowable combined square footage ratio for all buildings built on the Property. Based on a floor area ratio of 13,000 square feet of floor area per acre, the combined total floor area on these parcels shall not exceed 265,616 square feet. In the event any building located on the Property is partially or totally destroyed, the buildings may be rebuilt, up to the square footages set forth above. If, in the future, a greater density of square footage is allowed to be built on the Property, the owners of the Property shall be entitled to build additional square footage of buildings on each Parcel in accordance with the ratios established.

2. Covenant Shall Run With the Land. The restrictive covenant contained in paragraph 1 shall be binding upon the owners of the Property and their successors and assigns, mortgagees, lessees, invitees, and all other person acquiring the Property, or any portion thereof, or any interest therein, whether by operation of law or in any other manner whatsoever. Said restrictive covenant shall be a covenant running with the land pursuant to applicable law of the State of California.

3. Mortgage Protection. No breach or violation of the restrictive covenant contained herein shall defeat, render invalid, diminish, or impair the lien of any mortgage or deed of trust made in good faith and for value encumbering the Property or any portion thereof, but said restrictive covenant shall be binding upon and effective against each owner of the Property, or any portion thereof, whose title thereof is acquired by foreclosure, trustee sale, or otherwise.

4. Amendment and Termination. This Declaration shall be effective as of the date of recordation hereof in the Office of the Santa Clara County Recorder, and shall continue in effect thereafter for an indefinite period. This Declaration may be amended in whole or in part or terminated only by a written instrument executed by Declarants, or by any successor-in-interest declarant, and an authorized representative of the City of Mountain View, provided such instrument is thereafter recorded in the Office of Santa Clara County Recorder. Nothing herein shall be deemed to require the approval or consent of any other owner or occupant of any other parcel or real property located in the City of Mountain View, for the amendment, in whole or in part, or for the termination of this Declaration.

5. Notices. Any notice required or permitted to be sent to any person under the provisions of this Declaration shall be in writing and shall be deemed to have been properly sent when delivered personally or mailed, postage prepaid, if to the Declarants, or to the City of Mountain View, to the last known address of any such person at the time of such mailing. In the event that the Property is owned at any time by more than one person, as co-owners, any such notice may be delivered or sent to any one of the co-owners on behalf of all co-owners of the Property.

IN WITNESS WHEREOF, the undersigned Declarants have signed this Declaration on JAN 24, 1986.

Juana Salado, as Trustee of the
Salado Living Trust
dated June 7, 1976

/s/ JUANA SALADO

Walter A. Salado
/s/ WALTER A. SALADO

Walter A. Salado

/s/ MANUEL A. SALADO, JR.

/s/ RICHARD M. SALADO

Manuel A. Salado, Jr.

Richard M. Salado

by: /s/ WALTER A. SALADO

by: /s/ WALTER A. SALADO

Walter A. Salado
Attorney-in-Fact

Walter A. Salado
Attorney-in-Fact

/s/ CLARENCE A. SALADO

/s/ HAROLD A. SALADO

Clarence A. Salado

Harold A. Salado

by: /s/ WALTER A. SALADO

by: /s/ WALTER A. SALADO

Walter A. Salado
Attorney-in-Fact

Walter A. Salado
Attorney-in-Fact

RECORDING REQUESTED BY:

7006502

Title Insurance & Trust Co. SJ-428434
When Recorded Return To:

RECORDED AT THE REQUEST OF
TITLE INSURANCE and TRUST CO.

City Attorney
540 Castro Street
City of Mountain View
Mountain View, CA 94041

MAR 17 1981 8:01 AM

GEORGE A. MANN, Recorder
Santa Clara County, Official Records

COVENANT RUNNING WITH THE LAND

Owner and Lessee have prepared a four-lot subdivision generally described as shown on Exhibit A attached hereto and incorporated herein by reference and hereinafter referred to as the "Salado Subdivision." Owner and Lessee covenant and acknowledge that the Salado Subdivision shall and must be undertaken in conformance with the City of Mountain View North Bayshore Area Plan and the Charleston-Rengstorff Precise Plan. No development may take place on the northerly 9.7± acres unless it is limited to open space/commercial uses all as specified in the City of Mountain View C10 District. This 9.7± acre parcel is specifically described in Exhibit B attached hereto and incorporated herein by reference. It is acknowledged that full development of the Salado Subdivision may take place on that portion remaining after the deletion of the property shown on Exhibit B, and that development on this entire property may be a maximum of 428,020 square feet of industrial R & D and/or office floor area.

This covenant acknowledges the above-referenced development restrictions and independently covenants to abide by them. This covenant shall run with the land and remain binding on all future owners or holders of interest in this property unless a change is agreed to by the owners and the City of Mountain View in accordance with revised plans adopted by the City of Mountain View for this area. This covenant shall also be considered a condition appurtenant to the land and shall be recorded.

Dated: March 13, 1981

OWNER:

/s/ Juana Salado
Juana Salado, Trustee

LESSEE: CHARLESTON PROPERTIES,
a General Partnership

By: /s/ Boyd C. Smith
Boyd C. Smith
Managing Partner

EXHIBIT A
DESCRIPTION
SALADO PROPERTY

All that certain real property situate in the City of Mountain View, County of Santa Clara, State of California and being more particularly describe as follows:

Parcel "A"

BEGINNING at the intersection of the Southerly line of that certain strip of land, 30.00 feet in width, condemned for public purposes by Final Decree of Condemnation, a certified copy of which was recorded in Book 9515 of Official Records at Page 727, Santa Clara County Records with the generally Westerly line of that certain parcel of land described in the Deed to the City of Mountain View, recorded January 30, 1969 in Book 8419 of Official Records at page 105, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said general Westerly line South 3° 30' 56" West 1066.34 feet; thence along a tangent curve to the left with a radius of 1450.00 feet through a central angle of 22° 03' 26" for an arc length of 558.21 feet; thence leaving said general Westerly line from a tangent bearing of North 41° 24' 30" West along a curve to the left with a radius of 635.00 feet through a central angle of 60° 35' 30" for an arc length of 671.53 feet; thence South 78° 00' 00" West 10.72 feet to a point on the Westerly line of that certain 100 acre parcel of land described in the Deed from O.B. Scarpa, the duly appointed, qualified and acting administrator of the Estate of Michael J. Scarpa, also known as M.J. Scarpa, dec'd to Manuel A. Salado, recorded March 7, 1944 in Book 1186 of Official Records at Page 289, Santa Clara County Records; thence along last described Westerly line North 6° 00' 00" East 1471.62 feet to the Southwesterly corner of the hereinabove described 30.00 foot strip of land; thence leaving said Westerly line along the Southerly line of said 30.00 foot strip of land South 84° 00' 00" East 460.31 feet to the POINT OF BEGINNING.

Containing 16.796 acres of land more or less.

Parcel "B"

BEGINNING at a point on the Easterly line of that certain parcel of land described in the Deed from Manuel A. Salado, et ux, to William McGregor, et ux, recorded March 8, 1955 in Book 3108 of Official Records at Page 130, Santa Clara County Records distant thereon North 6° 00' 00" East 5.05 feet from the intersection thereof with the Northerly line of Bayshore Highway, as said line was established by Deed from M.J. Scarpa, et ux, to the State of California, recorded January 11, 1933 in Book 632 of Official Records at Page 563, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said Easterly line of the parcel conveyed to McGregor North 6° 00' 00" East 629.07 feet to the Northeasterly corner thereof; thence along the Northeasterly line of said parcel North 47° 43' 00" West 330.00 feet to the intersection thereof with the Westerly line of the hereinabove described 100 acre parcel of land; thence along said

Westerly line North 6° 00' 00" East 264.66 feet; thence leaving said Westerly line North 78° 00' 00" East 33.46 feet; thence along a tangent curve to the right with a radius of 565.00 feet through a central angle of 76° 32' 42" for an arc length of 754.82 feet to a point of reverse curvature; thence from a tangent bearing of South 25° 27' 18" East along a curve to the left with a radius of 1485.00 feet through a central angle of 29° 19' 25" for an arc length of 760.01 feet to a point of reverse curvature; thence from a tangent bearing of South 54° 46' 43" East along a curve to the right with a radius of 30.00 feet through a central angle of 28° 08' 48" for an arc length of 14.74 feet to a point on the Westerly line of that certain parcel of land described as Parcel 1 in the Deed to Pacific Gas & Electric Company, a California Corporation, recorded April 5, 1955 in Book 3134 of Official Records at Page 399, Santa Clara County Records; thence along last described Westerly line South 4° 12' 34" West 30.90 feet; thence leaving said Westerly line from a tangent bearing of South 31° 06' 26" West along a curve to the left with a radius of 330.00 feet through a central angle of 26° 53' 52" for an arc length of 154.92 feet; thence South 4° 12' 34" West 502.22 feet; thence along a tangent curve to the right with a radius of 170.00 feet through a central angle of 125° 54' 33" for an arc length of 373.58 feet; thence North 49° 52' 53" West 245.64 feet; thence along a tangent curve to the right with a radius of 2968.16 feet through a central angle of 2° 15' 46" for an arc length of 117.22 feet; thence North 47° 37' 07" West 213.52 feet; thence along a tangent curve to the right with a radius of 7910.44 feet through a central angle of 2° 02' 39.6" for an arc length of 282.25 feet to the POINT OF BEGINNING.

Containing 26.380 acres of land more or less.

Prepared March 12, 1981 by

MARK THOMAS & CO. INC.

/s/ Harry F. Aumack, Jr.
Harry F. Aumack, Jr. RCE 8533

EXHIBIT A

EXHIBIT B

DESCRIPTION

Undeveloped Parcel (Lands of Salado)

All that certain real property situate in the City of Mountain View, County of Santa Clara, State of California and being more particularly described as follows:

BEGINNING at the intersection of the Southerly line of that certain strip of land, 30.00 feet in width, condemned for public purposes by Final Decree of Condemnation, a certified copy of which was recorded in Book 9515 of Official Records at Page 727, Santa Clara County Records with the general Westerly line of that certain Parcel of land described in the Deed to the City of Mountain View, recorded January 30, 1969 in Book 8419 of Official Records at Page 105, Santa Clara County Records; thence leaving said POINT OF BEGINNING along said general Westerly line South 3° 30' 56" West 933.29 feet; thence leaving said general Westerly line North 72° 31' 25" West 510.98 feet to a point on the Westerly line of that certain 100 acre parcel of land described in the Deed from O.B. Scarpa, the duly appointed, qualified and acting administrator of the Estate of Michael J. Scarpa, also known as M. J. Scarpa, dec'd to Manuel A. Salado, recorded March 7, 1944 in Book 1186 of Official Records at Page 289, Santa Clara County Records; thence along last described Westerly line North 6° 00' 00" East 830.75 feet to the Southwesterly corner of the hereinabove described 30.00 foot strip of land; thence leaving said Westerly line along the Southerly line of said 30.00 foot strip of land South 84° 00' 00" East 460.30 feet to the POINT OF BEGINNING.

Containing 9.702 acres of land more or less.

Prepared March 12, 1981 by

MARK THOMAS & CO. INC.

/s/ HARRY F. AUMACK, JR.

Harry F. Aumack, Jr. RCE 8533

Exhibit D

Depiction of Building F-2593 Cost Expansion Building

[Hatch Marked]

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

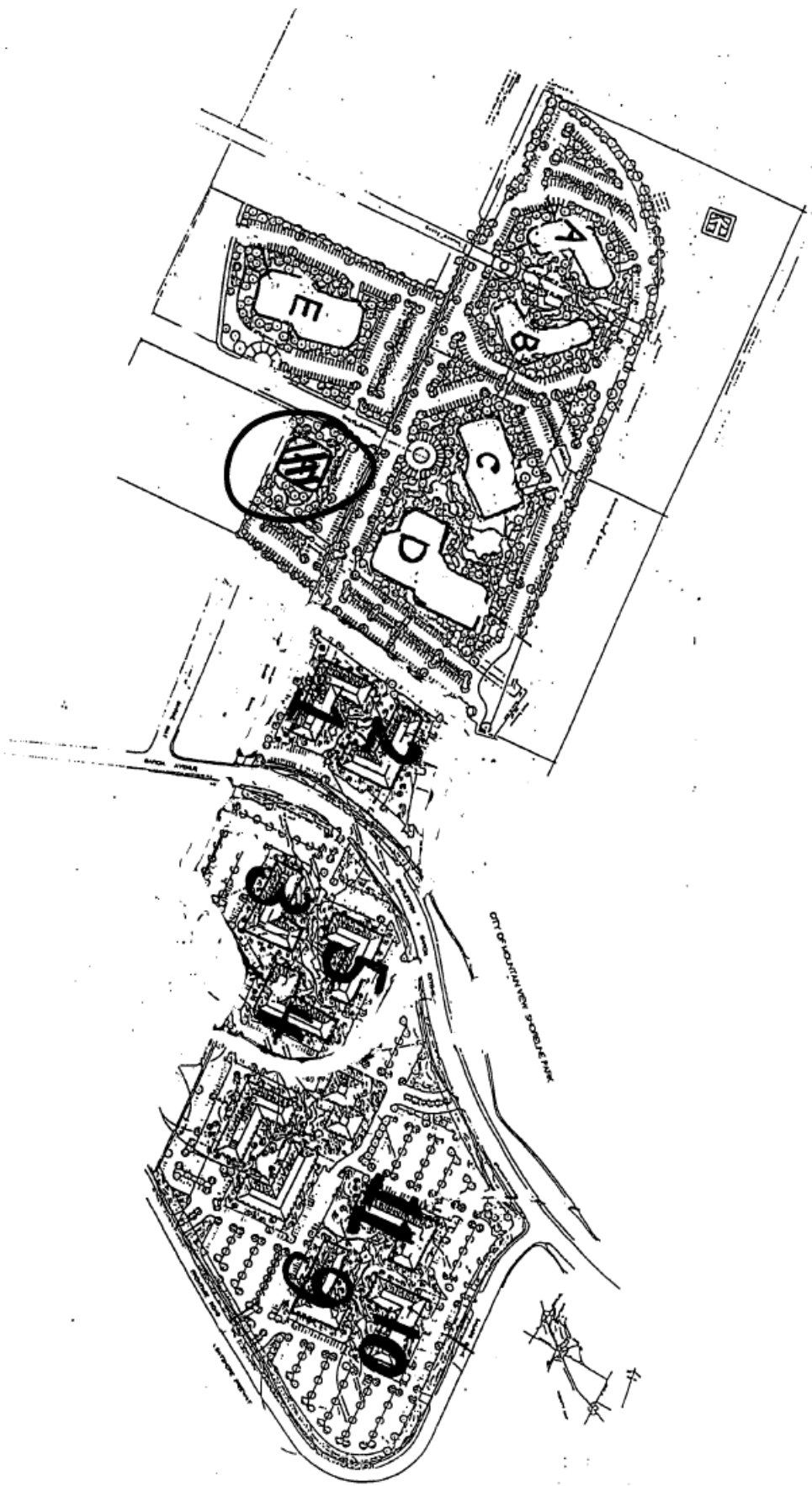


EXHIBIT D

Exhibit E

Depiction of Building A-2600 Casey

[Hatch Marked]

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

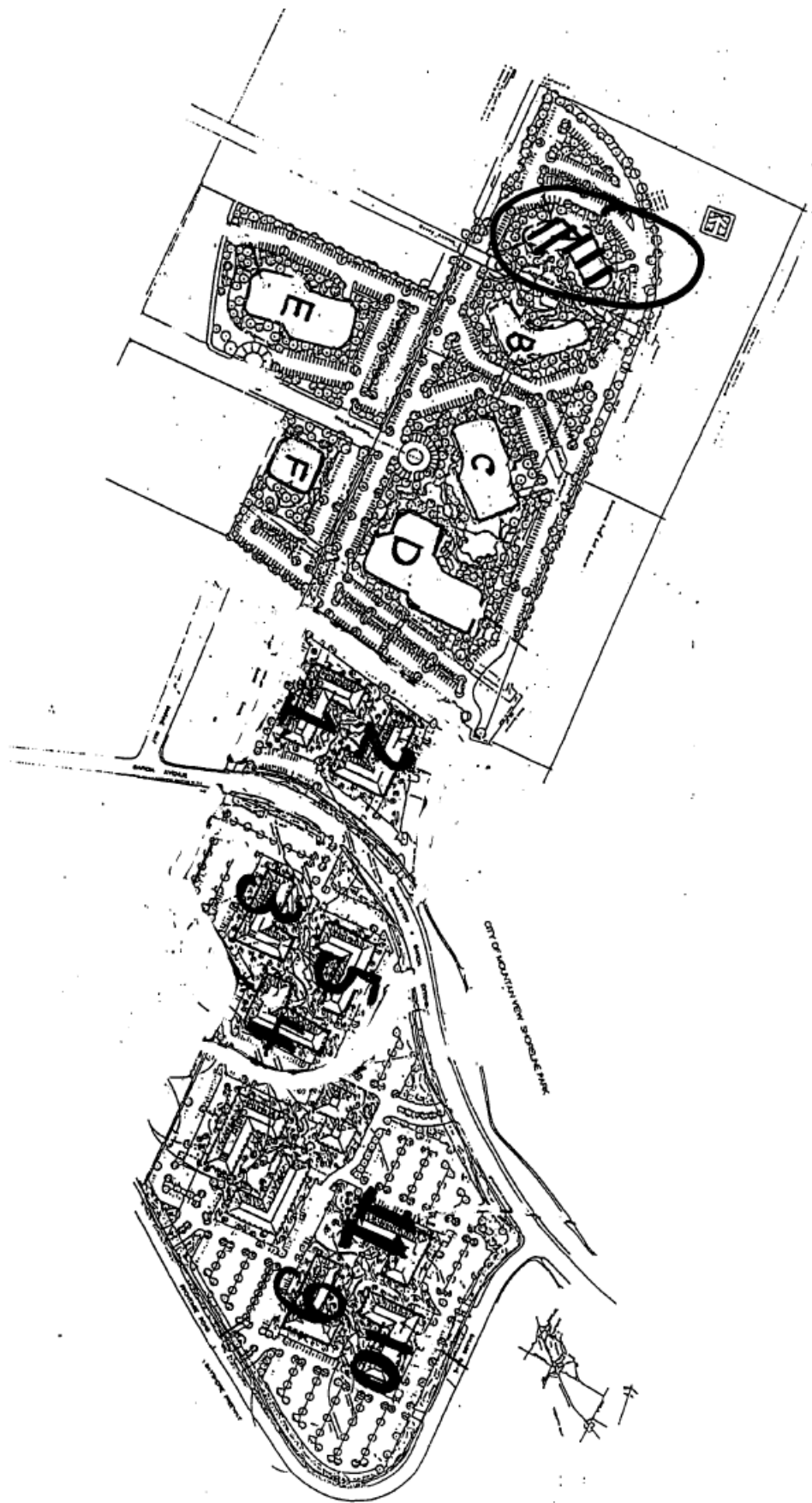


EXHIBIT E

Exhibit F

Rules and Regulations

Charleston Intuit Lease
Phase 2-Buildings A-F
August 4, 2003-Final

RULES AND REGULATIONS OF THE BUILDING

1

No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside of the Premises or any exterior windows of the Premises without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on outside doors shall be printed, painted, affixed or inscribed at the expense of Tenant.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door partition or wall which may appear unsightly from outside the Premises.

2

Tenant shall not occupy or permit any portion of the Premises to be occupied for the manufacture or sale of liquor, narcotics or tobacco in any form.

3

4

The sidewalks, passages, exits, entrances, elevators and stairways shall not be obstructed by Tenant or used by it for any purpose other than ingress to and egress from its Premises. The passages, exits, entrances, stairways, balconies and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgement of Landlord shall be prejudicial to the safety, character, reputation and interests of the Premises and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. Tenant, employees or invitees of Tenant shall not go upon the roof of the Premises.

5

The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant who, or whose employees or invitees shall have caused it.

6

Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

7

Landlord shall have the right to prescribe the weight, size and portion of all safes and other heavy equipment brought into the Premises. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Premises by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.

8

9

Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Premises by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds with the exception of Dog Guides for the blind, be brought in or kept about the Premises.

10

Except for designated cafeteria areas or as permitted in a Lease, no cooking (except microwave cooking and coffee/tea brewing) shall be done or permitted by Tenant on the Premises, nor shall the Premises be used for the storage of merchandise for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

11

EXHIBIT F

12

Tenant upon the termination of the tenancy, shall deliver to Landlord the keys of offices, rooms and toilet rooms which have been furnished the Tenant or which Tenant shall have had made.

13

Tenant shall see that the doors of the Premises are closed and securely locked before leaving the Premises and must observe strict care and caution that all water faucets or water apparatus within the Premises are entirely shut off before Tenant or Tenant's employees leave the Premises.

14

Landlord reserves the right to exclude or expel from the Premises any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Premises.

15

16

17

Tenant shall not disturb, solicit, or canvass any occupant of the Premises and shall cooperate to prevent same.

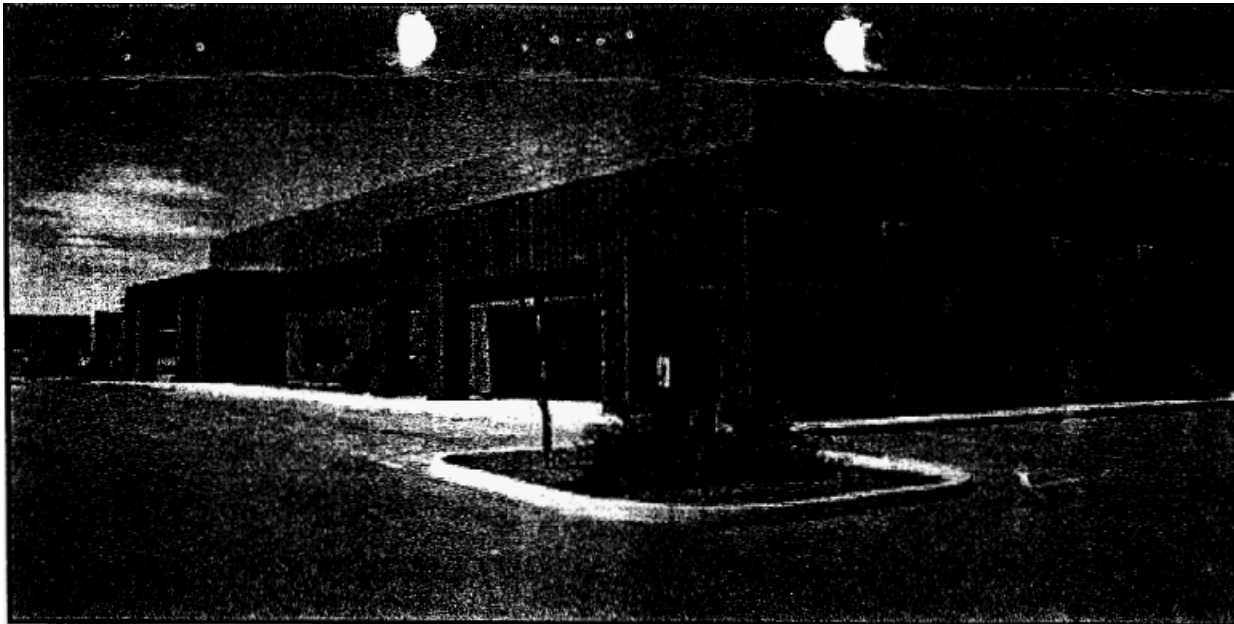
18

Tenant agrees to assume responsibility for compliance by its employees with the parking provision contained herein. Tenant hereby authorizes Landlord at Tenant's sole expense to tow away from the Complex any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions, or to attach violation stickers or notices to such vehicle. Tenant shall use the parking areas for vehicle parking only, and shall not use the parking areas for storage.

Landlord's initials

Tenant's initials

[initial stamp]



LEASE SUMMARY ~ INTUIT, INC.

LANDLORD: Pegasus Aviation, Inc.
 4 Embarcadero Center, 35th Floor
 San Francisco, CA 94111
 Rich Oster, President
 (415) 434-3900

TENANT: Intuit, Inc.
 2632 Marine Way
 Mountain View, CA 94043

PREMISES: 6550 S. Country Club Rd.
 Tucson, AZ 85715

BUILDING SIZE: 50,167 Sq Ft

LEASE TERM: 2 years

COMMENCEMENT DATE: October 1, 2002

LEASE EXPIRATION DATE: September 30, 2004

EARLY TERMINATION: March 31, 2004, with 90 days prior written notice to Landlord.

OPTION TO RENEW: Six options to extend for 6 months each with 90 days prior written notice to Landlord.

RENTAL RATE

	YEAR	MONTHLY/SQ FT	ANNUALLY/SQ FT
	1	\$28,494.13	\$341,929.56
	2	\$29,348.95	\$352,187.45
1 st & 2 nd Option Term	3	\$30,229.42	\$362,753.07
3 rd & 4 th Option Term	4	\$31,136.30	\$373,635.66
5 th & 6 th Option Term	5	\$32,070.39	\$384,844.73

EXPENSES ON TRIPLE NET BASIS

MONTHLY	ANNUALLY
\$5,518.00	\$66,220.00

TABLE OF CONTENTS

ARTICLE NUMBER & TITLE	PAGE NUMBER	
1	Definitions	1
2	Demise, Term, Option to Extend and Early Access	3
3	Rent	3
4	Use of Premises	4
5	Leasehold Improvements and Trade Fixtures	5
6	Repair and Maintenance	5
7	Common Area Charges	6
8	Utilities and Services	6
9	Insurance	7
10	Indemnity and Exculpation	8
11	Damage and Destruction	10
12	Condemnation	11
13	Assignment and Subletting	11
14	Default	13
15	Signs	14
16	Subordination	14
17	Termination	15
18	General Provisions	15
19	Reserved Rights of Landlord	18
20	Notice to Landlord's Lender	18
21	Termination	18
22	Partial Reimbursement of AIC Moving Expenses	18

EXHIBITS

Exhibit A-1	Site Plan
Exhibit A-2	Floor Plan
Exhibit A-3	Legal Description of Property
Exhibit B	Work Letter
Exhibit C	Furniture

LEASE

LANDLORD: Pegasus Aviation, Inc.
4 Embarcadero Center, 35th Floor
San Francisco, CA 94111
Attention: General Counsel

TENANT: Intuit Inc.
2632 Marine Way
Mountain View, CA 94043
Attention: Heather Macdonald

with a copy of all notices to:

Intuit Inc.
2700 Coast Avenue
Mountain View, CA 94043
Attention: General Counsel

with a copy of all notices to Tenant at the Premises

PREMISES: 6550 S. Country Club Road
Tucson, Arizona 85715

DATE: August 16, 2002

LEASE

THIS LEASE AGREEMENT, dated August 16, 2002 for reference purposes only, is made by and between **Pegasus Aviation, Inc.**, a California corporation, ("Landlord"), and **Intuit Inc.**, a Delaware corporation ("Tenant").

1. DEFINITIONS:

Any term that is given a special meaning, by this Article 1 or by any other provision of this Lease, (including any exhibits attached hereto) shall have such meaning when used in this Lease, or any addendum, or amendment hereto.

- 1.1 Additional Rent: "Additional Rent" means all payments of Rental other than Basic Rent, including, without limitation, payments of Real Property Tax, Insurance, Security Deposit, Late Charges, interest, indemnity payments, payments in respect of condemnation and Casualty.
- 1.2 Agreed Interest Rate: "Agreed Interest Rate" means an interest rate of either (i) the rate of interest per annum publicly announced, quoted or published, from time to time, by Bank of America, at its Phoenix, Arizona office, as its "reference rate" plus 2 percentage points, or (ii) the maximum applicable rate permitted by Law, whichever is less.
- 1.3 Base Rent: "Base Rent" is defined in Section 3.1.
- 1.4 Building: "Building" means that certain building commonly known as 6550 S. Country Club Road, Tucson, Arizona 85715.
- 1.5 Intentionally Deleted.
- 1.6 Casualty: "Casualty" is defined in Section 10.1.
- 1.7 Intentionally Deleted.
- 1.8 Commencement Date: "Commencement Date" means October 1, 2002, the date Rental Payments commence hereunder.
- 1.9 Default: "Default" is defined in Section 13.1.
- 1.10 Force Majeure Delays: "Force Majeure Delays" is defined in Section 17.8.
- 1.11 Hazardous Material: "Hazardous Material" means any material or substance that is now or hereafter prohibited or regulated by any Law or that is now or hereafter designated by any governmental authority to be radioactive, toxic, hazardous or otherwise a danger to health, reproduction or the environment, including, without limitation, asbestos and petroleum products.
- 1.12 Law: "Law" means any judicial decision, statute, constitution, ordinance, resolution, order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the parties to this Lease, the Building, or both, in effect either at the Commencement Date of this Lease or any time during the Term.
- 1.13 Lease: "Lease" means this printed lease and all of the exhibits attached hereto and made a part hereof, as the same may be amended in accordance with this Lease from time to time.
- 1.14 Leasehold Improvements: "Leasehold Improvements" means all improvements, additions, alterations, and fixtures installed in or on the Premises by Tenant, at its expense, which are not Trade Fixtures, including, without limitation, the Work described on **Exhibit B**.
- 1.15 Lender: "Lender" means any beneficiary, mortgagee, secured party, or other holder of any deed of trust, mortgage or other written security device or agreement affecting the Building, and the note or other obligations secured by it.
- 1.16 Parking Areas: "Parking Areas" is defined in Section 4.3.

- 1.17 Permitted Use: "Permitted Use" means the use of the Premises for general office, administrative, training facility, warehouse and engineering uses and for no other use.
- 1.18 Premises: "Premises" means the entirety of the Building, which is to be occupied by Tenant as outlined on the Floor Plan attached hereto as Exhibit A-2, and all rights and appurtenances thereto.
- 1.19 Property: "Property" means the parcel of real estate located in Tucson, Arizona, depicted on the Site Plan attached hereto as Exhibit A-1 and legally described on Exhibit A-3 attached hereto and incorporated herein by this reference, together with the office building(s) now or hereafter situated thereon, the landscaping, parking facilities and all other improvements, rights and appurtenances thereto.
- 1.20 Private Restrictions: "Private Restrictions" means all recorded covenants, conditions and restrictions, private agreements, and any other recorded instruments affecting the use of the Building and Common Area, as they may exist from time to time. Landlord hereby represents and warrants that the existing Private Restrictions will not prevent or limit Tenant from operating in the Premises in accordance with the Permitted Use.
- 1.21 Real Property Taxes: "Real Property Taxes" means all real property taxes, assessments and other charges imposed by any governmental or quasi-governmental authority, which are levied or assessed by reason of the ownership or use of the Property or the Building or any portion thereof, or any legal or equitable interest of Landlord or Tenant therein, including, without limitation, any license taxes, or ad valorem taxes on Landlord's personal property located on and used in connection with the Building, any tax for services provided to the Building, or any taxes, impositions, fees, including, without limitation, any sales, rental, occupancy, excise, use or transaction privilege taxes assessed or levied upon Landlord with respect to the amounts paid by Tenant to Landlord hereunder, as well as all taxes assessed or imposed upon Landlord's gross receipts from leasing the Premises to Tenant, including, without limitation, any tax now or subsequently imposed by the city in which the Property is located, the County of Pima, the State of Arizona, any other governmental or municipal body, and any taxes assessed or imposed in lieu of or in substitution of any of the foregoing taxes. Notwithstanding the foregoing, the term "Real Property Taxes" shall not include estate, inheritance, transfer, gift or franchise taxes of Landlord, any federal, state or local income, sales or transfer tax, penalties and interest for Landlord's failure to file returns or pay taxes as and when required, or any increase in Real Property Taxes resulting from a change of ownership (unless the change in ownership results from a sale to Tenant). All reasonable costs, expenses, attorneys' fees and consulting fees (including, without limitation, the costs of tax consultants) incurred in good faith by Landlord in connection with attempting to reduce the assessed valuation of land, buildings and improvements on the Property and/or in protesting or contesting the amount or validity of any Real Property Taxes shall also constitute Real Property Taxes for the purposes hereof.
- 1.22 Remedial Work: "Remedial Work" is defined in Section 4.4.
- 1.23 Rentals: The term "Rentals" as used in this Lease shall include all Base Rent and Additional Rent. All Rentals shall be paid to Landlord at the following address: 4 Embarcadero Center, 35th Floor, San Francisco, CA. Attn: Controller.
- 1.24 Successor Landlord: "Successor Landlord" is defined in Section 15.2.
- 1.25 Security Deposit: "Security Deposit" is defined in Section 3.5.
- 1.26 Intentionally deleted.
- 1.27 Superior Mortgagee: "Superior Mortgagee" is defined in Section 15.1.
- 1.28 Tenant's Share: "Tenant's Share" means 100%.
- 1.29 Term: "Term" means that period of time commencing on the Commencement Date and ending on September 30, 2004, as it may be extended or sooner terminated as provided herein.

- 1.30 Trade Fixtures: "Trade Fixtures" means anything affixed to the Building by Tenant at its expense for purposes of trade, manufacture, ornament, or domestic use which can be removed without material structural injury to the Building.
- 1.31 Transfer: "Transfer" is defined in Section 12.1.
- 1.32 Work: "Work" is defined in the Work Letter attached as Exhibit B. The cost of performing the Work shall be the responsibility of the Tenant.
2. DEMISE, TERM, OPTION TO EXTEND AND EARLY ACCESS:
- 2.1 Demise of Premises: Landlord leases to Tenant, and Tenant leases from Landlord, for the Term (as defined in Section 1.29 above) upon the terms and conditions of this Lease, the Premises.
- 2.2 Commencement Date: October 1, 2002.
- 2.3 Options to Extend Term: Provided no Default shall have occurred and be continuing, Landlord grants to Tenant the following options to extend the Term (the "Extended Term") on all the provisions contained in this Lease: Six (6) options to extend the Term, each for an additional term of six (6) months commencing when the initial or then-existing Extended Term, if applicable, expires. Tenant may exercise its option(s) of extension by giving written notice to Landlord at least Ninety (90) days before the expiration of the initial Term or Extended Term, as the case may be. The Rentals for the Extended Term shall be as set forth in Article 3 below.
- 2.4 Early Access: Notwithstanding anything to the contrary in this Lease, Tenant shall be granted immediate access to the Premises following full execution of this Lease in order to install its Leasehold Improvements, Trade Fixtures and other property, and otherwise to prepare the Premises for Tenant's occupancy and use thereof. All the terms of this Lease shall apply during such period of early access except that no Rentals shall be due for any portion of such early access period.
3. RENT:
- 3.1 Base Rent: Tenant shall pay to Landlord, as base rent (the "Base Rent") for the Premises, one-twelfth (1/12) the applicable annual rental rate in advance on the first day of each month during the Term. Base Rent for the Term, beginning on the Commencement Date, and continuing through the end of the twelfth (12th) full calendar month thereafter, shall be \$341,929.56; and each monthly installment shall be \$28,494.13. Base Rent for the thirteenth (13th) through the twenty-fourth (24th) full calendar months of the Term shall be \$352,187.45; and each monthly installment shall be \$29,348.95. If Tenant exercises its first or second option pursuant to Section 2.3 above, Base Rent for the first and second Extended Term(s) shall be equal to \$362,753.07; and each monthly installment shall be \$30,229.42. If Tenant exercises its third or fourth option pursuant to Section 2.3 above, Base Rent for the third and fourth Extended Term(s) shall be equal to \$373,635.66; and each monthly installment shall be \$31,136.31. If Tenant exercises its fifth or sixth option pursuant to Section 2.3 above, Base Rent for the fifth and sixth Extended Term(s) shall be equal to \$384,844.73; and each monthly installment shall be \$32,070.39. Base Rent shall be prorated for any partial month based on the actual number of days in the partial month.
- 3.2 Real Property Tax: Tenant shall pay to Landlord, as Additional Rent, during the Term, in addition to the Base Rent, Tenant's Share of the amount of the Real Property Taxes incurred by Landlord during each calendar year (or portion thereof if less than a full calendar year).
- 3.3 Rental Payments: All Rentals required to be paid in monthly installments shall be paid in advance on the first day of each calendar month during the Term. All Rentals shall be paid in lawful money of the United States, to Landlord at its address set forth in Section 1.23 above or at such other place as Landlord may designate from time to time by not less than thirty (30) days' prior written notice to Tenant. Tenant's obligation to pay Rentals shall be prorated during any partial month of the Term based on the actual number of days in the partial month.
- 3.4 Late Payment Charge: If any installment of any Rentals or any other sum due from Tenant is not paid within five (5) days after the date when due, Tenant shall pay to Landlord an additional sum

equal to five percent (5%) of the amount overdue as a late charge. The parties agree that the foregoing sums represent a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's Default with respect to the overdue amount. The parties further agree that in any twelve (12)-month period Landlord shall have no obligation to provide more than one written notice of delinquency as a condition to the foregoing late payment.

3.5 Security Deposit: None.

4. USE OF PREMISES:

- 4.1 Tenant's Use of Premises: Tenant may use the Premises for the Permitted Use only. Tenant shall not commit any waste, or allow any nuisance, on the Premises.
- 4.2 Compliance with Laws and Private Restrictions: Tenant shall observe and comply with all Laws and Private Restrictions applicable to the Premises; provided, however, that Landlord shall be responsible at no cost to Tenant to cure any failure of the Premises, the Building or the Property to comply in all respects with all Laws in effect at the Commencement Date; and provided also that Landlord shall make such repairs and improvements as may be necessary to cause the Premises to comply with all Laws applicable to the condition of office space generally and not required solely by Tenant's particular use or manner of use of the Premises or required by Tenant's Work at the Premises.
- 4.3 Parking and Reservation of Rights: Tenant may use the 293 parking spaces available at the Property (the "Parking Areas"). Such parking spaces shall be non designated. No storage of vehicles or parking for more than twenty-four (24) hours is allowed without Landlord's prior written consent, which consent may be withheld in its sole but reasonable discretion. Landlord shall have the right to establish, and from time to time change, alter and amend, and to enforce against all users of the Parking Areas, such requirements and restrictions as Landlord deems necessary and advisable for the proper operation and maintenance of the Parking Areas, including, without limitation, designation of particular areas for reserved, visitor and/or employee parking, and establishment of a reasonable rental charge for the use of the covered Parking Areas by the general public.
- 4.4 Hazardous Materials: Tenant shall not introduce any Hazardous Materials on or about the Premises, Building or Property without the prior written consent of the Landlord. Tenant shall notify Landlord of the approximate amount, nature, and manner of its intended use. Tenant, at its sole cost, shall comply with all Laws relating to the storage, use, disposal, emission, or release of any Hazardous Materials by Tenant or its agents, employees or contractors. If Hazardous Materials stored, used, disposed of, emitted, or released on or about the Premises, Building or Property by Tenant or its agents, employees, contractors, invitees, licensees (of the Premises), sublessees or assignees result in contamination or deterioration of water or soil on or about the Premises, Building or Property, then Tenant shall promptly take any and all action necessary to clean up such contamination as required by Law. Tenant shall perform any monitoring, investigation, clean-up, removal and other remedial work (collectively, "Remedial Work") required as a result of any release or discharge of Hazardous Materials affecting the Premises, the Building or the Property, or any violation of applicable environmental Laws in each case by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees (of the Premises), or invitees. Prior to the commencement of any Remedial Work, Tenant shall give Landlord not less than five (5) days' prior written notice. Landlord shall have the right to participate in any governmental action or proceeding involving any Remedial Work, and to approve performance of such Remedial Work, in order to protect Landlord's interests. At any time prior to the expiration of the Term, Tenant shall have the right to conduct appropriate tests of water and soil and deliver to Landlord the results of such tests to demonstrate that no contamination has occurred as a result of Tenant's use of the Premises. Tenant shall be solely responsible for, and shall defend, indemnify and hold Landlord harmless for, from and against, all claims, costs and liabilities, including attorneys' fees and costs, to the extent arising out of the disposal or release of Hazardous Materials on or about the Premises, Building or Property by Tenant or its agents, employees, contractors, invitees, licensees (of the Premises),

sublessees or assignees. Notwithstanding anything to the contrary in this Section 4.4, Tenant shall be permitted, consistent with applicable Laws, to use, store and dispose of at the Premises standard office and janitorial products in reasonable quantities needed for the operation of Tenant's business.

5. LEASEHOLD IMPROVEMENTS AND TRADE FIXTURES:

- 5.1 Leasehold Improvements: Tenant may construct the improvements outlined in **Exhibit B**, referred to as the "Work Letter." Other leasehold improvements may be made, but only with Landlord's approval, which approval shall not be unreasonably withheld or delayed; provided that Landlord's consent shall not be required to construct any Leasehold Improvements which do not affect the structural parts or exterior of the Premises, provided that Tenant provides Landlord with the proposed architectural and structural plans for all Leasehold Improvements at least fifteen (15) days prior to start of construction and provides notice of commencement of such Leasehold Improvements; provided further that Landlord's failure to reply to requested leasehold improvements within five (5) business days shall be deemed Landlord's approval thereof. If and when Landlord consents to a Leasehold Improvement or receives notice of commencement of such Leasehold Improvements, then Landlord shall also notify Tenant, in writing, of Landlord's election either to: (i) allow such improvement to remain at the Premises at the termination of this Lease; or (ii) require Tenant to remove such improvement at the termination of this Lease. All such improvements or alterations must conform to, and be in accordance in quality and appearance, with those improvements and alterations that are standard for the Building, and upon completion shall be the property of Landlord (except for personal property, equipment and Trade Fixtures of Tenant, which may be removed by Tenant so long as Tenant repairs all damage to the Premises and/or Building caused by such removal). All repairs required of Tenant pursuant to the provisions of this Article 5 shall be performed in a manner reasonably satisfactory to Landlord, and shall include, but not be limited to, repairing plumbing, electrical wiring and holes in walls, restoring damaged floor and/or ceiling tiles, repairing any other cosmetic damage, and cleaning the Premises. Tenant shall provide Landlord with evidence that Tenant's contractor has procured worker's compensation, liability and property damage insurance (naming Landlord as an additional insured) in a form and in an amount reasonably acceptable to Landlord, and evidence that Tenant's architect and/or contractor has procured the necessary permits, certificates and approvals from the appropriate governmental authorities. Tenant acknowledges and agrees that any review by Landlord of Tenant's plans and specifications and/or right of approval exercised by Landlord with respect to Tenant's architect and/or contractor is for Landlord's benefit only and Landlord shall not, by virtue of such review or right of approval, be deemed to make any representation, warranty or acknowledgment to Tenant or to any other person or entity as to the adequacy of Tenant's plans and specifications or as to the ability, capability or reputation of Tenant's architect and/or contractor.
- 5.2 Trade Fixtures: Tenant may install in the Premises such Trade Fixtures as it considers advisable for the conduct of its business. All Trade Fixtures installed by and/or at the expense of Tenant shall remain the property of Tenant. Upon the Lease termination, Tenant shall remove any Trade Fixtures and shall repair any damage to the Premises caused by such removal. Tenant shall have the right throughout the Term to use the office furniture and phone system listed in **Exhibit C** hereof which currently exists at the Premises. Tenant shall, at its sole cost and expense, keep the furniture in good condition and order and shall repair or replace such furniture, as necessary. Tenant shall return the furniture to Landlord at the expiration or earlier termination of the Term in the same condition as delivered, ordinary wear and tear excepted. Tenant shall give Landlord prompt notice of any material damage or defective condition of such furniture.
- 5.3 Liens: Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant, its agents, employees or contractors relating to the Premises. If any claim of lien is recorded, Tenant shall bond against or discharge the same within ten (10) days after Tenant's receipt of written notice that the same has been recorded against the Premises.

6. REPAIR AND MAINTENANCE:

- 6.1 Repair of the Premises by Landlord: Except for damage caused by Tenant or Tenant's agents, employees or invitees, Landlord shall maintain the structural parts of the Building, including, without limitation, the foundations, columns, footings, exterior walls, sub-flooring, structural portion of the roof, and all pipes and conduit (including, without limitation, the fire protection loop) to the point of entry into the Building. Landlord shall perform its obligations under this Section 6.1 at its sole cost and expense, except that Tenant shall pay to Landlord as to any capital repairs or replacements an annual amount equal to the cost of such capital repair or replacement amortized (with interest at Landlord's cost of funds) over the useful life of such repair or replacement, as reasonably determined by Tenant.
- 6.2 Tenant's Obligations: Except for the portion of the Premises to be maintained by Landlord, under Section 6.1 above, Tenant shall, at Tenant's sole cost and expense, maintain the windows, frames, gutters, downspouts, sidewalks, curbs, the non-structural portions of the roof, parking lots and common areas of the Premises in a clean, neat and sanitary condition and shall keep the Premises and every part thereof (including without limitation, interior walls, floor coverings, ceilings (including tiles and grid), all Leasehold Improvements to the Premises, outlets and fixtures in good condition and repair. Tenant shall maintain electrical, lighting, plumbing, sewage, heating, ventilating, air-conditioning, emergency fire protection, life safety and support systems servicing the Premises. Tenant hereby waives all rights to make repairs at the expense of Landlord as provided by any law, statute or ordinance now or hereafter in effect. Upon the expiration or earlier termination of the Term, Tenant shall surrender the Premises, including Tenant's Leasehold Improvements, including but not limited to furniture and phone system, as set forth in Section 5.2, to Landlord, janitorial clean and in the same condition as when received, ordinary wear and tear and damage from casualty excepted. Except as set forth in Section 6.1, Landlord has no obligation to construct, remodel, improve, repair, decorate or paint the Premises or any improvement thereon or part thereof. Tenant shall pay for any repairs to the Premises, the Building and the Property made necessary by any action or inaction of Tenant, its employees, contractors, agents or invitees.
- 6.3 No Abatement: Except as specifically provided herein, Landlord shall have no liability to Tenant, nor shall Tenant's covenants and obligations under this Lease, including without limitation, Tenant's obligation to pay Base Rent and Additional Rent, be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted to make pursuant to the terms of this Lease or by any other tenant's Lease or are required by Law to be made in and to any portion of the Premises, the Building or the Property, provided that Landlord shall use commercially reasonable efforts to minimize interference with the operation of Tenant's business in the Premises.

7. UTILITIES AND SERVICES:

- 7.1 Utilities: Tenant shall pay directly to the applicable provider for all electric, gas, water, sewer, and other utility services used in the Premises.
- 7.2 Building Systems: Landlord shall provide the Premises to Tenant, and, Tenant accepts the Premises in its "AS IS, WHERE IS" condition, and Landlord makes no representations, covenants or warranties whatsoever concerning the condition of the Premises, and, except as set forth in Section 6.1, has no obligation to construct, remodel, improve, repair, decorate or paint the Premises or any improvement on or part of the Premises. Tenant represents and warrants that it has inspected the Premises prior to execution of the Lease, and that it is relying on its own inspection in executing this Lease and, except as expressly provided elsewhere in this Lease, not any statement, representation or warranty of Landlord, its agents, employees or contractors. Tenant's taking possession of the Premises shall be deemed conclusive evidence that as of the date of taking possession the Premises are in good order and satisfactory condition. Notwithstanding the foregoing, Landlord shall be responsible for the repair of (i) any defects in the Building existing prior to the Commencement Date which are reported to Landlord prior to the thirtieth (30th) day following delivery of the Premises to Tenant and (ii) any latent defects in the

Building existing prior to the Commencement Date which would not be discovered by a reasonably thorough visual inspection of the Premises.

- 7.3 Abatement: Landlord shall not be liable to Tenant for any interruption or curtailment in service, nor will any interruption or curtailment constitute constructive eviction or grounds for abatement of rent, except in the event there is a utility failure within ninety (90) days after execution of this Lease arising as a result of the prior use of the Premises by Landlord. In which event, if such utility failure materially interferes with Tenant's ability to conduct normal business at the Premises and such interruption persists for more than forty-eight (48) hours, the Rentals payable by Tenant hereunder shall be equitably abated, and if such interruption persists for more than thirty (30) days, Tenant shall have the right to terminate this Lease. Landlord agrees to use reasonable efforts to cause the restoration of services as soon as possible.
8. INSURANCE:
- 8.1 Tenant's Liability Insurance: Tenant shall, at its cost, during the entire Term maintain and keep in full force and effect a policy or policies of commercial general liability insurance, including property damage, against liability for personal injury, bodily injury, death, and damage to property occurring in, or resulting from (a) any negligent act or omission by Tenant, or by any of its agents, contractors, servants or employees anywhere in the Premises or the Property, (b) the business operated by Tenant in the Premises, and (c) the contractual liability of Tenant to Landlord pursuant to the indemnification provisions of Article 10 below with combined single limit coverage of not less than \$2,000,000 per occurrence and \$3,000,000.00 combined single limit. If Landlord shall so reasonably request, Tenant shall increase the amount of such liability insurance to the amount then customary for premises and uses similar to the Premises and Tenant's use thereof. The liability policy or policies shall contain an endorsement naming Landlord, Landlord's lender and management agent (of whom Tenant is given written notice) and any persons, firms or corporations designated by Landlord who have an insurable interest in the Premises (of whom Tenant is given written notice) as additional insureds. Tenant may carry the foregoing coverages under blanket insurance policies.
- 8.2 Tenant's Property Insurance: Tenant shall, during the Term, keep in full force and effect, a policy or policies of insurance with "Special Form Coverage," including coverage for vandalism or malicious mischief, insuring the Leasehold Improvements and Tenant's alterations and/or improvements made pursuant to Article 5 above and Tenant's stock in trade, furniture, personal property, Trade Fixtures, equipment and other items in the Premises, with coverage in an amount equal to the full replacement cost thereof. Notwithstanding the foregoing, Tenant is permitted to self-insure for the foregoing risks of physical loss, it being understood that such permission shall not be deemed to invalidate or amend any other requirements or conditions of this Lease.
- 8.3 Worker's Compensation Insurance: Tenant shall, during the Term, keep in full force and effect, a policy or policies of worker's compensation insurance with an insurance carrier and in amounts approved by the Industrial Commission of the State of Arizona.
- 8.4 Landlord's Insurance: Landlord shall maintain on the Premises and the Building a policy of standard fire and extended coverage in an amount equal to the full replacement cost thereof (not including any Leasehold Improvements). Tenant shall reimburse Landlord as Additional Rent, within thirty (30) days of a billing, the cost of the policies during the Term of the Lease.
- 8.5 General Requirements: All insurance required under this Lease shall: (i) be issued by insurance companies authorized to do business in the state in which the Premises is located; (ii) be with an insurance company authorized to do business in the State of Arizona and rated not less than A-VIII in the then most current edition of "Best's Key Rating Guide"; (iii) contain an endorsement requiring thirty (30) days' written notice from the insurance company to both parties before any non-renewal or cancellation of any such policy. All insurance policies required pursuant to this Article 9 shall be written as primary policies, not contributing with or in excess of any coverage which Landlord may carry. If Tenant or any subtenant of Tenant does or permits to be done anything which shall increase the cost of any insurance policies maintained by Landlord, then Tenant shall reimburse Landlord for any additional premiums attributable to any act or omission

or operation of Tenant or any subtenant of Tenant causing such increase in the cost of insurance. Any such amount shall be payable as Additional Rent within thirty (30) days after receipt by Tenant of a bill from Landlord along with reasonable supporting documentation for such charge.

- 8.6 Certificates: A certificate of insurance for each insurance policy required by this Lease shall be deposited with the other party at the commencement of the Term, and, if the policy is renewed, not less than ten (10) days before expiration of the term of the policy.
- 8.7 Release and Waiver of Subrogation: Notwithstanding anything to the contrary in this Lease, the parties hereto release each other, and their respective agents, employees and subtenants from any liability for damage to property that arises out of or incident to any peril which is actually insured against, which is required to be insured against under this Lease, or which would normally be covered by so called "all risk" property insurance, without regard to the negligence or willful misconduct of the entity or party so released or any other cause. Each party shall cause each property insurance policy it obtains to provide that the insurer thereunder waives all right of recovery by way of subrogation as required herein in connection with any injury or damage covered by the policy.
- 8.8 Adequacy of Insurance: Landlord makes no representation or warranty to Tenant that the amount of insurance to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests. If Tenant believes that the amount of any such insurance is insufficient, Tenant is encouraged to obtain, at its sole cost and expense, such additional insurance as Tenant may deem desirable or adequate. Tenant acknowledges that Landlord shall not, by the fact of approving, disapproving, waiving or accepting any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Tenant hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.
9. INDEMNITY AND EXCULPATION:
- 9.1 Indemnity: Tenant shall hold harmless, indemnify and defend Landlord and its employees and agents, with competent counsel reasonably satisfactory to Landlord, from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any death, bodily injury, personal injury or property damage (i) occurring in or about the Premises, or the sidewalks adjacent thereto, unless caused solely by the negligence or willful misconduct of Landlord, its agents or employees, (ii) as a result of a breach by Tenant of this Lease, or (iii) caused by the negligence or willful misconduct of Tenant, its agents, employees or contractors.
- 9.2 Exculpation: Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to Tenant's property, injury and death to persons and all claims of any other nature resulting from Tenant's use of all or any part of the Premises, the Building and/or the Property, and Tenant hereby waives all claims in respect thereof against Landlord except to the extent of Landlord's failure to perform any of its obligations under this Lease or to the extent of Landlord's, its agents' or employees' negligence or willful misconduct. Neither Landlord nor its agents or employees shall be liable for loss of or damage to any property of Tenant by theft or otherwise except to the extent of the negligence or willful misconduct of Landlord, its agents or employees. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be liable for (i) any injury or damage to persons or property resulting from any cause, including, but not limited to, fire, explosion, falling plaster, steam, gas, electricity, sewage, odor, noise, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein, or from the roof of any structure on the Property, or from any streets or subsurfaces on or adjacent to the Building or the Property, or from any other place or resulting from dampness or any other causes whatsoever, except to the extent of Landlord's failure to perform any of its obligations under this Lease or to the extent of Landlord's, its agents' or employees' negligence or willful misconduct; or (ii) injury to Tenant's business or loss of income or profit therefrom. Except as otherwise expressly set forth in this Lease, neither Landlord nor its employees or agents shall be liable for any defects in the Premises, the Building and/or the Property, nor shall Landlord be

liable for the negligence or misconduct, including, but not limited to, criminal acts, by maintenance or other personnel or contractors, serving the Premises, the Building or the Property, other tenants or unrelated third parties, unless Landlord is negligent or guilty of willful misconduct. All property of Tenant kept or stored on the Property shall be so kept or stored at the risk of Tenant only. None of the events or conditions set forth in this Article shall be deemed a constructive or actual eviction or result in a termination of this Lease, nor shall Tenant be entitled to any abatement or reduction of Base Rent or Additional Rent by reason thereof.

- 9.3 Limitations on Liability: Tenant agrees to look solely to Landlord's interest in the Property (including rents therefrom and any sales proceeds thereof) for the recovery of any damages or other sums of money that Landlord may owe Tenant under or in connection with this Lease. Tenant shall not have recourse against any other assets of Landlord for the satisfaction of such obligations. Additionally, the obligations of Landlord shall not constitute the personal obligations of the officers, directors, trustees, partners, members, managers, owners, stockholder or other principals of Landlord, and Tenant shall not have recourse to the assets of such officers, directors, trustees, partners, members, managers, owners, stockholder or other principals, except to the extent of their interest in the Property. Notwithstanding anything to the contrary in this Lease, Landlord and Tenant agree that:
- 9.3.1 No Constructive Eviction. None of the following will constitute a breach of the covenant of quiet enjoyment, an actual or constructive eviction of Tenant, or a Landlord default, or otherwise give rise to any liability by Landlord (and Tenant hereby waives and releases all claims, causes of action, or other rights of recovery it may ever have against Landlord for): (i) the unavailability, curtailment, interruption, fluctuation, inadequacy, or other defect in any of the services furnished or to be furnished by Landlord pursuant to this Lease as a result of any failure or malfunction of, or damage to any lines, equipment, or other facilities on the property or elsewhere, any act or omission of any utility company, the requirements of any law, the unavailability of materials or supplies, or any other circumstance outside of Landlord's reasonable control so long as Landlord in good faith attempts to remedy such circumstances as quickly as reasonably possible, (ii) any design or other defect in the physical structure of the Building, in the mechanical, electrical, and plumbing systems of the Property, or in the Leasehold Improvements, if constructed by Landlord or its agents or any other improvements on the property so long as Landlord in good faith attempts to remedy the defect as quickly as reasonably possible; or (iii) any repairs, replacements, maintenance, alterations, additions, or improvements to any part of the Property.
- 9.3.2 Waiver: Neither Landlord nor its officers, employees, or agents will be liable and Tenant hereby waives and releases all claims, causes of action, or other rights of recovery it may ever have against Landlord or its officers, employees, and agents for (i) theft or other crimes or similar misconduct on the Property by persons other than Landlord and its officers, employees, and agents unless Landlord is negligent or guilty of willful misconduct; (ii) negligent or other acts or omissions by other tenants or occupants of the Property or their employees, agents, contractors, customers, or visitors; (iii) loss or damage to property or injury or death to persons resulting to any extent from any negligent or other act or omission of Tenant or its employees, agents, or contractors in the Premises or elsewhere on the Property, from any failure of Tenant to comply with or perform its obligations under this Lease, or from the use and occupancy of the Premises by Tenant; (iv) any loss of business or profits of Tenant or other consequential damages; or (v) exemplary, punitive, or other special damages of any kind.
- 9.4 Allocation of Risks: Tenant acknowledges that it has been advised to have the provisions of this Lease reviewed by an attorney of its own choosing and that it has done so. Each of the waivers, releases, and other limitations on liability or claims provided in this article or elsewhere in this Lease (including without limitation, liability or claims based on negligence or other fault) has been knowingly and intentionally made and agreed to by Tenant.
- 9.5 Landlord Indemnity: Landlord shall hold harmless, indemnify and defend Tenant and its employees and agents, with competent counsel reasonably satisfactory to Tenant, from all liability, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising by reason of any death, bodily injury, personal injury or property damage (i) arising out of

the condition of any portion of the Building or the Property other than the Premises which is Landlord's duty to maintain, unless caused by the negligence or willful misconduct of Tenant, its agents or employees, (ii) as a result of a breach by Landlord of this Lease, or (iii) caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors.

10. DAMAGE AND DESTRUCTION:

- 10.1 Landlord's Duty to Restore: If the Building or Premises is damaged in whole or in part by fire, the elements, or any other cause whatsoever (collectively, "Casualty"), then Tenant shall promptly notify Landlord in writing thereof and Landlord shall, at its sole expense, restore the same to substantially the same condition existing immediately prior to such damage, unless the Lease is terminated by Landlord pursuant to Section 10.2 or by Tenant pursuant to Section 10.3. Tenant, at Tenant's sole cost and expense, shall be responsible for the repair and restoration of all items of the Leasehold Improvements and the replacement of Tenant's stock in trade, Trade Fixtures, furniture, finishings and equipment. Tenant shall commence the installation of Trade Fixtures, equipment and merchandise promptly upon delivery to Tenant of possession of the Premises and shall diligently prosecute such installation to completion.
- 10.2 Landlord's Right to Terminate: Landlord shall have the option to terminate this Lease in the event any of the following occurs, which option may be exercised only by delivery to Tenant of a written notice of election to terminate within thirty (30) days after the date of such damage:
- 10.2.1 The Building is damaged by any peril both (i) not covered by the type of insurance Landlord is required to carry pursuant to Section 8.4, and (ii) not actually covered by valid and collectible insurance actually carried by Landlord and in force at the time of such damage or destruction, to such an extent that the estimated cost to restore the uninsured damage at the Building exceeds ten percent (10%) of the then actual replacement cost of the Building, and Tenant does not agree in writing within fifteen (15) days after its receipt of a written termination notice from Landlord to fund such excess costs; or
- 10.2.2 The Premises are damaged by any peril during the last six (6) months of the Term and the restoration of the Premises cannot be substantially completed within one hundred twenty (120) days after the date of such damage; provided, however, that Landlord may not terminate this Lease pursuant to this Section 10.2.2 if Tenant, at the time of such damage, has an express written option to extend the Term and Tenant exercises such option within thirty (30) days following the delivery to Tenant of Landlord's written termination notice; or
- 10.2.3 If Landlord determines in good faith that the cost of repairing the damage is more than one-third of the then-replacement cost of the Building, or if Landlord has determined in good faith that the required repairs to the Building cannot be made within two hundred seventy (270) days of the date of the damage without the payment of overtime and other premiums, or in the event Landlord's Lender requires that all or any material portion of the insurance proceeds be applied in reduction of the mortgage debt, then Landlord may, by written notice to Tenant within thirty (30) days after the occurrence of such damage, terminate this Lease as of the date set forth in Landlord's notice to Tenant.
- 10.3 Tenant's Right to Abatement and Termination: If all or any portion of the Premises or Common Area should become unsuitable for Tenant's use as a consequence of fire or other casualty, then Tenant shall be entitled to an equitable abatement of all Rentals payable hereunder to the extent of the interference with Tenant's use of the Premises occasioned thereby. If for any reason the Premises or Common Area cannot be or are not restored pursuant to Section 10.1 within nine (9) months after the date of the Casualty, then Tenant may terminate this Lease by written notice to Landlord, which notice must be served no later than thirty (30) days after the date that such right to terminate shall arise.
- 10.4 Waiver. Tenant hereby waives any statutory and common law rights of termination which may arise by reason of any partial or total destruction of the Premises which Landlord is obligated to restore or may restore under any of the provisions of this Lease, including the provisions of Arizona Revised Statutes ("ARS") 33-343.

11. CONDEMNATION:

- 11.1 Taking. If the whole of the Building is lawfully and permanently taken by condemnation or any other manner for any public or quasi-public purpose, or by deed in lieu thereof, this Lease shall terminate as of the date of vesting of title in such condemning authority. If any part of the Building or Property is so taken, or if the whole of the Building is taken, but not for more than six months, then this Lease shall be unaffected thereby. The Base Rent and Additional Rent shall be pro rated to the earlier of the termination of this Lease or such date as Tenant is required to vacate the Premises by reason of the taking. If this Lease is not terminated as a result of a partial taking of the Premises, the Base Rent and Additional Rent shall be equitably adjusted according to the rentable area of the Premises and Building remaining. Notwithstanding the foregoing, if in Tenant's reasonable business judgment, the remaining portion of the Premises is inadequate for the conduct of Tenant's business, Tenant shall have a right to terminate this Lease as of the date of vesting by the condemning authority.
- 11.2 Award: In the event of a taking of all or any part of the Building or the Property, all of the proceeds or the award, judgment, settlement or damages payable by the condemning authority shall be and remain the sole and exclusive property of Landlord, and Tenant hereby assigns all of its right, title and interest in and to any such award, judgment, settlement or damages to Landlord. Tenant shall, however, have the right, to the extent that the same shall not reduce or prejudice amounts available to Landlord, to claim from the condemning authority, but not from Landlord, such compensation as may be recoverable by Tenant in its own right for relocation benefits, moving expenses, loss of goodwill, and damage to Tenant's personal property and Trade Fixtures.

12. ASSIGNMENT AND SUBLETTING:

- 12.1 Tenant's Right to Sublet or Assign: Tenant shall not assign this Lease or any of Tenant's rights hereunder or sublet all or any part of the Premises without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned or delayed. No transfer or assignment (whether voluntary or involuntary, by operation of law or otherwise) or subletting shall be valid or effective without such prior written consent. Should Tenant make or allow to be made any such transfer, assignment or subletting (collectively, a "Transfer"), except as aforesaid, or should any of Tenant's rights under this Lease be sold or otherwise transferred by or under court order or legal process or otherwise, then, and in any of the foregoing events Landlord may, at its option, treat such act as a Default by Tenant. Should Landlord consent to a Transfer, such consent shall not constitute a waiver of any of the restrictions or prohibitions of this Article, and such restrictions or prohibitions shall apply to each successive Transfer hereunder, if any.
- 12.2 Deemed Transfer: For the purposes of this Article 12 (but subject to Section 12.1), an assignment shall be deemed to include (without limitation) the following: (a) if Tenant is a partnership, a withdrawal or change (voluntary, involuntary, by operation of law or otherwise) of any of the partners thereof a purported assignment, transfer, mortgage or encumbrance (voluntary, involuntary, by operation of law or otherwise) by any partner thereof of such partner's interest in Tenant, or the dissolution of the partnership; (b) if Tenant consists of more than one person, a purported assignment, transfer, mortgage or encumbrance (voluntary, involuntary, by operation of law or otherwise) from one person to the other or others; (c) if Tenant (or a constituent partner of Tenant) is a corporation, any dissolution, merger, consolidation or reorganization of Tenant (or such constituent partner), or any change in the ownership (voluntary, involuntary, by operation of law, creation of new stock or otherwise) of 50% or more of its capital stock from the ownership existing on the date of this Lease; (d) if Tenant is an unincorporated association, a purported assignment, transfer, mortgage or encumbrance (voluntary, involuntary, by operation of law or otherwise) of any interest in such unincorporated association; or (e) if Tenant is a limited liability company, a withdrawal or change of any of the members thereof, a purported assignment, transfer, mortgage or encumbrance (voluntary, involuntary, by operation of law or otherwise) by any member of such member's interest in Tenant, or the dissolution of the limited liability company. Notwithstanding the foregoing to the contrary and for so long as Tenant remains a publicly traded company on a national stock exchange, this Article 12 shall not apply to

sale of shares of stock in the ordinary course of business on the NASDAQ National Listings or the New York or American Stock Exchanges.

- 12.3 Delivery of Information. If Tenant wishes at any time to Transfer the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord: (a) the name of the proposed subtenant or assignee; (b) the nature of the proposed subtenant's or assignee's business to be carried on in the Premises; (c) the terms and the provisions of the proposed sublease or assignment; and (d) such financial information as Landlord may reasonably request concerning the proposed subtenant or assignee. Landlord shall reply thereto within five (5) days of Tenant's request for consent.
- 12.4 Recapture. If Tenant proposes to Transfer its interest in more than fifty percent (50%) of the Premises, then Landlord may, at its option, upon written notice to Tenant within five (5) days after Landlord's receipt of the information specified in Section 12.3 above, elect to recapture such portion of the Premises that Tenant proposes to Transfer, and within sixty (60) days after notice of such election has been given to Tenant, this Lease shall terminate as to the portion of the Premises recaptured, unless within five (5) days after Tenant's receipt of Landlord's recapture notice, Tenant delivers a written notice to Landlord rescinding such Transfer, in which event this Lease shall remain in full force and effect and the Transfer request shall be deemed rescinded. If all or a portion of the Premises is recaptured by Landlord pursuant to this Section 12.4, Tenant and Landlord shall promptly execute and deliver a termination agreement setting forth the termination date with respect to the Premises or the recaptured portion thereof, and prorating the Rentals and other charges payable hereunder to such date. If Landlord does not elect to recapture as set forth above or Tenant transfers less than fifty percent (50%) of the Premises, Tenant may thereafter enter into a valid assignment or sublease with respect to the Premises, provided that Landlord consents thereto pursuant to this Article 12, and provided further, that (a) such assignment or sublease is executed within ninety (90) days after Landlord has given its consent, (b) Tenant pays all amounts then owed to Landlord under this Lease, (c) there is not in existence a Default as of the effective date of the Transfer, (d) there have been no material changes with respect to the financial condition of the proposed subtenant or assignee or the business such party intends to conduct in the Premises, and (e) a fully executed original of such assignment or sublease providing for an express assumption by the assignee or subtenant of all of the terms, covenants and conditions of this Lease is promptly delivered to Landlord. In the event that Landlord does not elect to recapture as provided herein or Tenant transfers less than one hundred percent (100%) of the Premises, Tenant shall remit to Landlord fifty percent (50%) of Tenant's profit derived from such Transfer. For purposes of the foregoing, profit shall be deemed to include, without limitation, the amount of all rent payable by such assignee, transferee or sublessee in excess of the Base Rent and Additional Rent payable by Tenant under this Lease after first deducting therefrom all costs of improvements made or paid for by the Tenant in connection with such Transfer, and all design fees, legal fees, leasing commissions, and all other reasonable and customary costs incurred by the Tenant in connection with such Transfer. If a part of the consideration for such Transfer shall be payable other than in cash, the payment to Landlord shall be in cash for its share of any non-cash consideration based upon the fair market value thereof.
- 12.5 No Release from Liability. Landlord may collect Base Rent and Additional Rent from the assignee, subtenant, occupant or other transferee, and apply the amount so collected, first to the monthly installments of Base Rent, then to any Additional Rent and other sums due and payable to Landlord, but no such subletting, occupancy, transfer or collection shall be deemed a waiver of Landlord's rights under this Article, or the acceptance of the proposed assignee, subtenant, occupant or transferee; provided, however, that unless and until Tenant is in Default under this Lease, Tenant may continue to accept such Rent directly from such assignee, subtenant, occupant or transferee. Notwithstanding any Transfer (with or without the consent of Landlord), Tenant shall remain primarily liable under this Lease and shall not be released from performance of any of the terms, covenants and conditions of this Lease.
- 12.6 Landlord's Expenses. If Landlord consents to the Transfer by Tenant of all or any portion of Tenant's interest under this Lease, Tenant shall reimburse Landlord for Landlord's reasonable

administrative expenses and for reasonable legal, accounting and other reasonable out of pocket expenses incurred by Landlord in connection with such Transfer by Tenant, in an aggregate amount not to exceed \$1,500.00.

- 12.7 Assumption Agreement. If Landlord consents to a Transfer by Tenant of all or any portion of Tenant's interest under this Lease, Tenant shall promptly upon request execute and deliver to Landlord, and cause the transferee to execute and deliver to Landlord, an instrument in the form and substance reasonably acceptable to Landlord in which (a) the transferee adopts this Lease and assumes and agrees to perform, jointly and severally with Tenant, all of the obligations of Tenant hereunder that are applicable to the proposed Transfer, (b) Tenant acknowledges that it remains primarily liable for the payment of Base Rent, Additional Rent and other obligations under this Lease, and (c) the transferee agrees to use and occupy the Premises solely for the purpose set forth herein and otherwise in strict accordance with this Lease.
- 12.8 Affiliates: Notwithstanding anything to the contrary in this Article 12, Tenant shall have the right to assign Tenant's interest in this Lease or to sublet all or any portion of the Premises to any person or entity which is controlled by, controls, or is under common control with, Tenant (each, an "Affiliate") or to any person or entity which (x) is the surviving entity following the merger, acquisition or reorganization of Tenant or (y) acquires all or substantially all of the assets of Tenant as a going concern. "Control," as such term is used above, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting interests of any entity.
13. DEFAULT:
- 13.1 Tenant's Default-Definition: Tenant shall be in "Default" under this Lease if Tenant: (i) fails to pay any Rental when due, if the failure continues for five (5) days after written notice thereof to Tenant; (ii) fails to perform any other provision of this Lease, if the failure is not cured within thirty (30) days after written notice thereof is given by Landlord to Tenant; provided that if the cure would reasonably take more than thirty (30) days to complete, Tenant shall not be deemed in Default so long as Tenant commences the cure within such thirty (30)-day period and thereafter diligently prosecutes such cure to completion; (iii) files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or is dissolved, or makes an assignment for the benefit of creditors; (iv) involuntary proceedings under any bankruptcy laws or insolvency act or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for all, or substantially all, of Tenant's property, and the proceeding is not dismissed or the receivership or trusteeship is not vacated within sixty (60) days after the institution or appointment; or (v) abandons the Premises during any period in which it is otherwise in Default.
- 13.2 Tenant's Default-Remedies: Upon the occurrence of a Default under this Lease by Tenant, Landlord may, without prejudice to any other rights and remedies available to a Landlord at law, in equity or by statute, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive: (a) terminate this Lease and re-enter and take possession of the Premises, in accordance with any and all legal due process requirements, in which event Landlord is authorized to make such repairs, redecorating, refurbishment or improvements to the Premises as may be necessary in the reasonable opinion of Landlord acting in good faith for the purposes of reletting the Premises and the costs and expenses incurred in respect of such repairs, redecorating and refurbishment and the expenses of such reletting (including brokerage commissions) shall be paid by Tenant to Landlord within five (5) days after receipt of Landlord's statement; or (b) without terminating this Lease, re-enter and take possession of the Premises, in accordance with any and all legal due process requirements; or (c) without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process; or (d) without terminating this Lease, Landlord may relet the Premises as Landlord may see fit without thereby avoiding or terminating this Lease, and for the purposes of such reletting, Landlord is authorized to make such repairs, redecorating, refurbishments or improvements to the Premises as may be necessary in the opinion of Landlord acting in good faith for the purpose of such reletting, and if a sufficient sum is not realized from such reletting (after payment of all costs and expenses of such repairs,

redecorating and refurbishments and expenses of such reflecting (including brokerage commissions) and the collection of rent accruing therefrom) each month to equal the Base Rent and Additional Rent payable hereunder, then Tenant shall pay such deficiency each month within five (5) days after receipt of Landlord's statement (it being understood that Tenant shall in no event be liable for any personal injury or property damage claims or causes of action, or any liability arising out of any breach or default by a subsequent tenant of the Premises, arising from or in any way out of any such reletting of the Premises by Landlord); or (e) Landlord may declare immediately due and payable all the remaining installments of Base Rent and Additional Rent, and such amount, less the fair rental value of the Premises for the remainder of the Lease Term, shall be paid by Tenant within thirty (30) days after receipt of Landlord's statement or (f) retain and/or liquidate the Security Deposit and all other payments held by Landlord under this Lease. Landlord shall not by re-entry or any other act, be deemed to have terminated this Lease, or the liability of Tenant for the total Base Rent and Additional Rent reserved hereunder or for any installment thereof then due or thereafter accruing, or for damages, unless Landlord notifies Tenant in writing that Landlord has so elected to terminate this Lease. After the occurrence of a Default, the acceptance of Base Rent or Additional Rent, or the failure to re-enter by Landlord, shall not be deemed to be a waiver of Landlord's right to thereafter terminate this Lease and exercise any other rights and remedies available to it (except with respect to any Default related to the Base Rent or Additional Rent that has been accepted by Landlord), and Landlord may re-enter and take possession of the Premises. Upon a Default, Tenant shall also pay to Landlord all costs and expenses incurred by Landlord, including court costs and attorneys' fees, in retaking or otherwise obtaining possession of the Premises, removing and storing all equipment, fixtures and personal property on the Premises and otherwise enforcing any of Landlord's rights and remedies arising as a result of a Default. Notwithstanding anything to the contrary contained herein, Landlord shall make commercially reasonable efforts to relet the Premises in the event Landlord shall recover possession of the Premises pursuant to a Default by Tenant.

- 13.3 Interest on Past Due Amounts: In addition to the late charge described in Section 3.4, if any installment of Rentals is not paid within five (5) days of the date when due, it shall bear interest at the Agreed Interest Rate from the date due; provided, however, this provision shall not relieve Tenant from any default in the making of any payment at the time and in the manner required by this Lease. The parties agree that in any twelve (12)-month period, Landlord shall have no obligation to provide more than one written notice of delinquency as a condition to the foregoing late payment.
- 13.4 Waiver of Landlord's Lien: Landlord waives any right by statute, common law, contract or otherwise for distraint, landlord's lien or any other similar right or remedy with respect to the personal property of Tenant. Within ten (10) days after Tenant's request, Landlord shall execute documents in a form reasonably satisfactory to Tenant to evidence Landlord's waiver of any right, title, lien or interest in the Tenant's personal property.
- 13.5 Landlord's Default and Tenant's Remedies: Landlord shall not be deemed to be in default of its obligations unless Landlord fails to perform any covenant, condition, or agreement contained in this Lease and fails to cure the nonperformance within a reasonable time, but not later than thirty (30) days after receiving written notice of the failure, provided, however, that if the nature of Landlord's failure to perform reasonably requires more than thirty (30) days to cure, then Landlord shall not be deemed in default if Landlord commences to cure such failure within said thirty (30)-day period and thereafter diligently and in good faith prosecutes such cure to completion.
14. SIGNS:
- 14.1 Interior Signs: Tenant may at its cost, place, construct as part of the Work, and maintain signs in the Premises in accordance with applicable Laws.
- 14.2 Intentionally deleted.
- 14.3 Intentionally deleted.
- 14.4 Exterior Signs: Landlord shall control the exterior appearance of the Building and the exterior appearance of the Premises at all times. However, Tenant shall be entitled to install prominent

identity signage on the Building subject only to compliance with applicable Law and Landlord's approval of same, such approval not to be unreasonably withheld or delayed. Tenant shall not install, or permit to be installed, any drapes, shutters, lettering, advertising, or any items that will in any way alter the exterior appearance of the Building or the exterior appearance of the Premises or the exterior of the Building without Landlord's prior written consent, which consent will not be unreasonably withheld or delayed. Landlord may relocate or remove, at Landlord's cost, any exterior signage not previously approved by Landlord. In no event may Tenant utilize trucks, automobiles or other vehicles on the Property for signage purposes.

15. SUBORDINATION:

- 15.1 Subordination: This Lease and all rights of Tenant hereunder shall be, at the option of Landlord, subordinate to (a) all matters currently of record, (b) all mortgages and deeds of trust (collectively referred to as the "mortgages") which may now or hereafter encumber or affect the Building or the Property, and (c) all renewals, modifications, amendments, replacements and extensions of mortgages and to spreaders and consolidations of the mortgages, whether or not mortgages shall also cover other lands or buildings. The provisions of this Article shall be self-operative and no further instruments of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the holder of any mortgage or any of their respective assigns or successors in interest may reasonably request to evidence such subordination provided that Tenant shall concurrently receive nondisturbance protection from such party in form and substance reasonably satisfactory to Tenant. Any mortgage to which this Lease is subject and subordinate is called a "Superior Mortgage" and the holder of a Superior Mortgage is called a "Superior Mortgagee." If Landlord, a Superior Mortgagee requires that Tenant execute such instruments, Tenant shall do so within thirty (30) days after Tenant's receipt of written request therefor. Tenant's failure to do so within five (5) days after its receipt of a second written request from Landlord shall be deemed a Default under this Lease.
- 15.2 Nondisturbance Agreement: Landlord shall use commercially reasonable efforts to obtain a nondisturbance agreement from its current lender for Tenant's benefit in form and substance reasonably satisfactory to Tenant, which shall assure Tenant of its continued tenancy in the Premises notwithstanding a foreclosure by such Superior Mortgagee of its Superior Mortgage so long as Tenant is not in Default under this Lease.
- 15.3 Attornment: If any Superior Mortgagee (or any purchaser at a foreclosure sale) succeeds to the rights of Landlord under this Lease, whether through possession or foreclosure action, or the delivery of a new lease or deed (a "Successor Landlord"), Tenant shall attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment; provided, however, that Tenant shall receive from Successor Landlord a commercially reasonable agreement stating that Tenant shall have quiet possession of the Premises and that the Successor Landlord shall perform all of Landlord's obligations and shall honor this Lease as long as Tenant is not in Default hereunder.

16. TERMINATION:

- 16.1 Surrender of the Premises: Immediately prior to the expiration or upon the earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition except: (i) for ordinary wear and tear; (ii) as otherwise provided in Article 6 above; and (iii) for damage or destruction by any casualty.
- 16.2 Holding Over: In the event of any continued occupancy or holding over of the Premises after the end of the Term, whether in whole or in part, this Lease shall be deemed a monthly tenancy and Tenant shall pay 125% of the Base Rent then in effect, in advance at the beginning of the holdover month(s), plus any Additional Rent or other charges or payments contemplated in this Lease, and any other costs, expenses, damages, liabilities and attorneys' fees incurred by Landlord on account of Tenant's holding over.

17. GENERAL PROVISIONS:

- 17.1 Taxes on Tenant's Property: Tenant shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied, assessed, or imposed against the payment of Rentals, trade fixtures or other personal property of Tenant situated within the Premises.
- 17.2 Miscellaneous: Should any provision of this Lease prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect. This Lease shall be governed by the Laws where the Premises is located. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. This Lease shall, subject to the provisions regarding assignment, apply to and bind the respective heirs, successors, executors, administrators and assigns of Landlord and Tenant. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning, and not strictly for or against either Landlord or Tenant. The captions used in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. When a party is required to do something by this Lease, it shall do so at its sole cost and expense without right of reimbursement from the other party unless specific provision is made therefor. Landlord shall not become or be deemed a partner or a joint venturer of Tenant by reason of this Lease. This Lease may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one Lease. This Lease and the documents referred to herein constitute the entire agreement between the parties, and there are no binding agreements or representations between the parties except as expressed herein. No subsequent change or addition to this Lease shall be binding unless in writing and signed by the parties hereto. All exhibits to this Lease shall be deemed incorporated herein by the individual reference to each such exhibit, and shall be deemed a part of this Lease as though set forth in full in the body of the Lease. If either party commences an action against the other in connection with this Lease or the Premises, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs of suit. In the event of a sale or conveyance by Landlord of the Building, and the assignment of the Lease and the Security Deposit, the same shall operate to release Landlord from any future liabilities under the covenants, terms and conditions expressed or implied herein, and in such event, Tenant shall look solely to the successor in interest to the Landlord in connection with the performance and obligations of the Lessor hereunder.
- 17.3 Waiver: One party's consent to or approval of any act by the other party requiring the first party's consent or approval shall not be deemed to waive or render unnecessary the first party's consent to or approval of any subsequent similar act by the other party. No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other provisions herein contained.
- 17.4 Estoppel Certificates: Tenant agrees, following any request by Landlord, promptly to execute and deliver an estoppel certificate upon which the requesting party and any others it designates may rely (i) certifying that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (ii) stating the date to which the rent is paid in advance, if any, (iii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of the other party hereunder, or if there are stating their nature, and (iv) certifying such other factual information about the Lease as may be reasonably required by the requesting party. Tenant's failure to promptly deliver such statement (and in any event within thirty (30) days after Tenant has received Landlord's written request therefor) shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance hereunder; (iii) that not more than one month's installment of Base Rent or Additional Rent has been paid in advance; (iv) that the Commencement Date and the scheduled expiration date of the Term are as stated therein; (v) that Tenant has no rights to extend or renew this Lease or to expand the Premises, except as

otherwise expressly provided herein; (vi) that the Base Rent, Additional Rent and other charges are as set forth therein, and (vii) that the other information and facts set forth therein are true and correct.

- 17.5 Notices: Any notice required or desired to be given regarding this Lease shall be in writing and may be personally served, including by overnight courier service, or in lieu of personal service may be given by mail. If given by mail, such notice shall be deemed to have been given (i) on the third (3rd) business day after mailing if such notice was deposited in the United States mail, certified and postage prepaid, addressed to the party to be served at its address set forth on the cover page of this Lease, and (ii) in all other cases when actually received. Either party may change its address by giving notice of same in accordance with this paragraph. If any notice or other act that is permitted or required under this Lease shall come due on a Saturday, Sunday or legal holiday, it shall be deemed to be due on the next business day. The inability to deliver a notice because of a changed address of which no notice was given or a rejection or other refusal to accept any notice shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by either party hereto may be given by the legal counsel and/or the authorized agent of such party.
- 17.6 Authority: Each individual executing this Lease on behalf of a corporation, limited liability company or partnership represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, limited liability company or partnership and that this Lease is binding upon said corporation, limited liability company or partnership in accordance with its terms.
- 17.7 Brokerage Commissions: Except for CB Richard Ellis, who represents the Landlord; and Picor Commercial Real Estate Services, who represents the Tenant, each party represents that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease. Each party shall hold harmless the other from all damages or claims that may be asserted by any broker, finder, or other person with whom the indemnifying party has purportedly dealt.
- 17.8 Force Majeure: Whenever a period of time is herein prescribed for action (other than the payment of money) to be taken by Landlord or Tenant, such party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions (collectively, "Force Majeure Delays").
- 17.9 Landlord's Right of Entry: Landlord, its agents, employees, and contractors shall have the right to enter the Premises at any reasonable time upon not less than 24 hours' prior written notice to Tenant (except in the event Tenant is in Default (to the extent allowed by applicable Law) or in the event of an emergency, whereupon no prior notice or consent is required), for the purpose of making repairs, replacements and alterations or additions in, to, or about the Premises or Building as are required under this Lease or as are necessary for maintenance and operation of the Premises or Building, to cure any uncured Default of Tenant hereunder that the Landlord elects to cure or is required to cure, to remove any improvements or property placed in the Premises in violation of this Lease, and/or to carry out any other applicable provision of this Lease, and providing Landlord does not interrupt Tenant's normal operations. However, that in the event of an emergency, Landlord may enter the Premises at any time without notice to abate and/or cure the emergency. Landlord may show the Premises to prospective purchasers and mortgagees, and, during the six (6) months prior to expiration of this Lease or applicable renewal or extension period to prospective tenants, during business hours upon reasonable notice to Tenant, and providing Landlord does not interrupt Tenant's normal operations.
- 17.10 Environmental, Health & Safety Audit: Tenant, at Tenant's expense and upon written notice to Landlord and with prior consent (not to be unreasonably withheld or delayed) of Landlord and provided Tenant shall comply with all reasonable security measures of Landlord and other tenants in the Building and shall use reasonable efforts to not interfere with the conduct of the business of the other tenants in the Building, shall have the right but not the obligation to audit the Premises and the Building for compliance with all Laws relating to the environmental, health, &

safety of the Building and the Premises. The audit shall be performed by an experienced, qualified, and certified independent agency. The results of any such audit shall be for the benefit of Landlord and Tenant.

- 17.11 Rules and Regulations: Tenant shall abide by all rules and regulations (the "Rules and Regulations") of the Building and the Property as may hereafter reasonably be issued by Landlord. Such Rules and Regulations are imposed to enhance the cleanliness, appearance, maintenance, order and use of the Premises, the Building and the Property, and the proper enjoyment of the Building and the Property by all tenants and their clients, customers and employees. The Rules and Regulations may be changed from time to time upon ten (10) days' notice to Tenant. Breach of the Rules and Regulations by Tenant shall constitute a Default if such breach is not fully cured within thirty (30) days after written notice to Tenant by Landlord; provided, however, that if the cure would reasonably take more than thirty (30) days to complete, Tenant shall not be deemed in Default so long as Tenant commences the cure within such thirty (30)-day period and thereafter diligently prosecutes such cure to completion. To the extent there is any inconsistency between the Rules and Regulations and the other provisions of this Lease, the other provisions of this Lease shall govern. Landlord shall not be responsible to Tenant for nonperformance by any other tenant, occupant or invitee of the Building or the Property of any Rules or Regulations. Landlord shall not enforce such Rules and Regulations in a discriminatory fashion.
- 17.12 Covenant of Quiet Enjoyment: Landlord covenants that Tenant, upon paying the Rentals due hereunder and observing the terms and conditions hereof to be kept by Tenant, shall, throughout the Term, peaceably and quietly have, hold and enjoy the Premises, free from hindrance by Landlord or any party claiming by, through or under Landlord.
- 17.13 Premises Access: Tenant shall have access to the Premises twenty-four (24) hours a day, three hundred sixty-five (365) days a year.

18. RESERVED RIGHTS OF LANDLORD:

Landlord reserves the following rights, exercisable without liability to Tenant for damage or injury to property, persons or business and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession or giving rise to any claim:

- 18.1.1 To name the Building and the Property and to change the name, suite number of the Premises, or street address of the Building or the Property;
- 18.1.2 to exercise control over all signs on the exterior and interior of the Building and the Property, subject to Article 14; and
- 18.1.3 to require Tenant to remove any unusual or extraordinary alterations to the Premises (such as safes) at the expiration or earlier termination of the Term.

19. NOTICE TO LANDLORD'S LENDER: In the event that Tenant at any time or from time to time receives a written notice from Landlord specifying the name and address of the Landlord's Lender under any deed of trust, mortgage or other security agreement covering the Property, the Building and/or Landlord's interest in this Lease, Tenant agrees that, in the event of a default hereunder by Landlord which would give Tenant the right to terminate this Lease or declare a total or partial eviction (constructive or otherwise), Tenant shall not seek to terminate this Lease or so declare an eviction by Landlord until (i) Tenant shall have given written notice of such default (which notice shall specify the exact nature of such default and how the same may be cured) to Landlord and Landlord's Lender by certified mail, postage prepaid, return receipt requested, or by overnight courier service, and (ii) thirty (30) days shall have elapsed following the giving of such notice. If, during such thirty (30)-day period, Landlord or Landlord's Lender shall cure or substantially cure such default, Tenant shall waive its right to either terminate this Lease or declare an eviction with respect to the default by Landlord specified in such notice.

20. TERMINATION: Provided Tenant is not in Default under the terms and conditions of this Lease, Landlord grants Tenant a one time right to cancel this Lease effective March 31, 2004 or at any time thereafter, provided Tenant notifies Landlord in writing of its intent at least ninety (90) days prior to the early termination date.

21. PARTIAL REIMBURSEMENT OF IAC MOVING EXPENSES: Following presentation of an invoice for same, Tenant shall promptly reimburse Landlord up to Twelve Thousand Five Hundred Dollars (\$12,500.00) for the costs of relocating its tenant, International Aero Components, Inc. ("IAC"), from the Premises to its new location.

22. TRIPLE NET LEASE: This is a "Triple Net Lease" where Tenant is responsible for maintenance, repairs, operating costs, insurance and taxes for the Premises, subject to Section 6.1 above. The Rentals will be paid by Tenant without deduction or offset. Except as expressly provided to the contrary in this Lease, Landlord will not be required to make any expenditure, incur any obligation or incur any liability of any kind in connection with this Lease or the maintenance, repair or operation of the Premises.

23. CONTINUED OCCUPANCY AND USE BY LANDLORD. Tenant understands that Landlord and IAC have not yet concluded negotiations for lease of alternative space and may not be able fully to vacate the Premises immediately upon execution of this Lease. If Landlord and IAC are unable fully to vacate the Premises, immediately upon execution of this Lease, Tenant shall permit Landlord and IAC to continue to occupy and use portions of the Premises as needed while Tenant conducts Tenant's Work in the Premises as provided in the Work Letter. Landlord shall use diligent efforts to vacate the Premises and to cause IAC to vacate the Premises as soon as reasonably practicable. In all events, Landlord and IAC shall vacate the Premises by September 30, 2002, except that Tenant shall permit Landlord to use approximately 5,000 square feet of the existing warehouse portion of the Premises for storage of equipment until October 31, 2002. Landlord and Tenant shall cooperate with one another to coordinate any continued use and occupancy by Landlord and its subtenant with the prosecution of Tenant's Work, to permit Tenant's Work to proceed expeditiously, efficiently and economically, while endeavoring to the greatest extent reasonably practicable under the circumstances to minimize interference with Landlord's continued use and occupancy. In the event that Landlord and IAC have not both fully vacated the Premises by October 1, 2002, all rent otherwise payable by Tenant under this Lease shall be equitably abated, until Landlord and IAC both fully vacate the Premises.

Signatures appear on the following page

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease with the intent to be legally bound thereby, to be effective as of the day and year first set forth above.

LANDLORD: PEGASUS AVIATION, INC.

By: /s/ Richard M. Oster 8/20/02

Name: RICHARD M. OSTER

Its: SVP ADMIN, CFO

TENANT: INTUIT INC.

By: /s/ Greg Santora 8/16/02

Name: GREG SANTORA

Its: SR. V.P., CFO

REVIEWED BY:

/s/ JS

INTUIT

INITIAL

LEGAL

EXHIBIT "A-1"

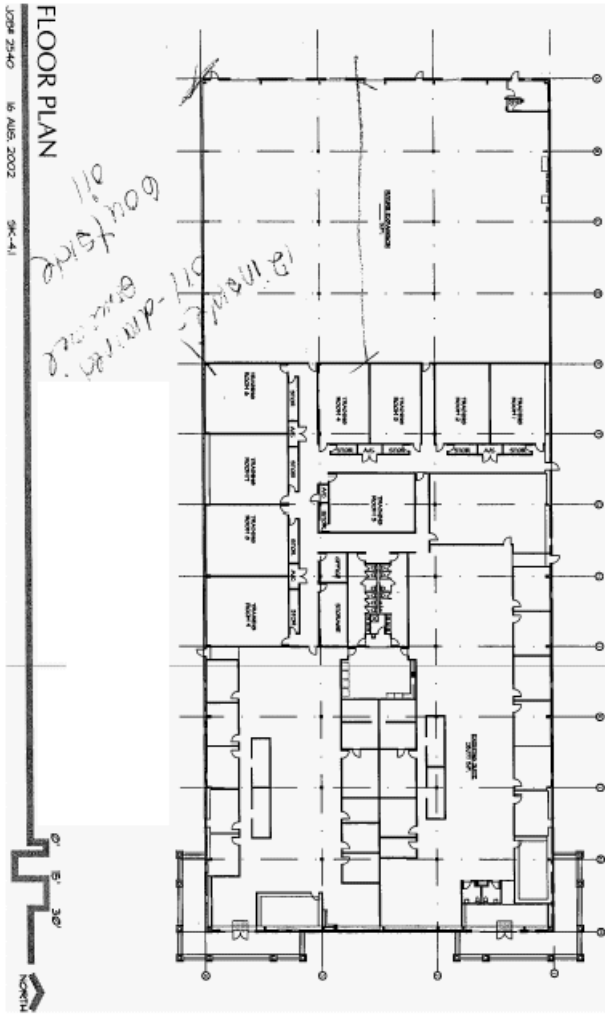
SITE PLAN

[See Attached]

EXHIBIT "A-2"

FLOOR PLAN

[See Attached]



INTUIT TRAINING FACILITY
 6550 S. COUNTRY CLUB RD.
 TUCSON, ARIZONA 85706



EXHIBIT "A-3"
LEGAL DESCRIPTION OF PROPERTY
[See Attached]

Exhibit A

All of that portion of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 17, Township 15 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows, to-wit:

BEGINNING at the Northeast corner of said Section 17;

THENCE South 0 degrees 46 minutes 12 seconds East, along the East line of Section 17, a distance of 352.09 feet measured (383.33 feet record) to a point;

THENCE South 89 degrees 21 minutes 45 seconds West measured (South 89 degrees 22 minutes 50 seconds West record), a distance of 75.00 feet to a point on the Westerly right-of-way line of South Country Club Road, said point being the TRUE POINT OF BEGINNING;

THENCE continuing South 89 degrees 21 minutes 45 seconds West measured (South 89 degrees 22 minutes 50 seconds West record), a distance of 596.32 feet measured (595.88 feet record) to a point;

THENCE South 0 degrees 44 minutes 38 seconds East measured (South 0 degrees 44 minutes 47 seconds East record), a distance of 298.59 feet measured (298.21 feet record) to a point;

THENCE North 89 degrees 26 minutes 18 seconds East measured (North 89 degrees 23 minutes 14 seconds East record), a distance of 811.14 feet measured (611.02 feet record) to a point;

THENCE North 0 degrees 47 minutes 23 seconds West measured (North 0 degrees 48 minutes 12 seconds West record) along the Westerly right-of-way line of South Country Club Road, a distance of 2.25 feet to a point;

THENCE North 03 degrees 35 minutes 52 seconds West, along the Westerly right-of-way line of South Country Club Road, a distance of 297.54 feet to a point, said point being the TRUE POINT OF BEGINNING.

Exhibit "B"

WORK LETTER

I. TENANT'S WORK

A. Plans and Specifications

1. Within ten (10) business days of the execution of the Lease, Tenant, at its sole cost and expense, shall cause its architect and civil engineer to prepare and deliver to Landlord for its approval two copies of the plans and specifications for the construction of Tenant's Work (the "Plans") in as much detail as is reasonably required for Landlord to determine the scope and quality of Tenant's Work. Within five (5) days after receipt of the Plans, Landlord shall either approve the Plans or deliver to Tenant its specific objections to the Plans together with its proposed solution to each objection. Landlord's approval of the Plans shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond within the time period provided, then Landlord shall be deemed to have approved such Plans. Approval of the Plans by Landlord is not a representation that the drawings are in compliance with the requirements of governing authorities, and it shall be Tenant's responsibility to meet and comply with all federal, state, and local code requirements. Approval of the Plans does not constitute assumption of responsibility by Landlord or its architect for their accuracy, sufficiency or efficiency, and Tenant shall be totally responsible for such matters.

2. Upon written approval by Landlord of the Plans, Tenant shall (i) submit the Plans to the appropriate governmental agencies; (ii) seek all necessary approvals and permits; (iii) pay all necessary fees incidental to Tenant's Work; and (iv) furnish Landlord such evidence thereof as is reasonably satisfactory to Landlord. No later than ten (10) days after receipt of all approvals and permits, Tenant shall cause its licensed general contractor or contractors to commence Tenant's Work and prosecute same diligently to completion.

B. Standard

Tenant, using a contractor or contractors reasonably approved by Landlord, shall construct Tenant's Work, at Tenant's sole cost and expense, in a good and workmanlike manner, in accordance with the approved Plans. At all times until Tenant's Work shall be completed, Landlord shall have the right to enter upon the Premises for the purpose of inspecting the same.

C. Cost and Expense

The entire cost and expense of Tenant's Work shall be borne and paid by Tenant, and Tenant shall hold and save Landlord harmless from any liability whatsoever on account thereof. Before the commencement of Tenant's Work, Tenant shall give to Landlord written notice thereof.

II. CONSTRUCTION OF TENANT'S WORK

A. General Requirements

1. Tenant shall deliver to Landlord, prior to the commencement of construction, the following information:
 - a. The names and addresses of the contractors Tenant intends to engage in the construction of the Premises;

b. The date on which Tenant's construction work will commence, together with the estimated dates of completion of Tenant's construction; and

c. Evidence satisfactory to Landlord of compliance by Tenant with the insurance requirements of the Lease.

2. All contractors engaged by Tenant shall be bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship and working in harmony with other contractors on the job.

3. Construction shall comply in all respects with applicable federal, state, county and city statutes, ordinances, regulations, laws and codes. All required permits, approvals, licenses, authorizations and other permits in connection with the construction and completion of the Premises, including, without limitation, building permits and conditional use permits, shall be obtained and all fees (both one-time and recurring) required in connection with the construction and completion of Tenant's Work, including, without limitation, building and conditional use permit fees, shall be paid for by Tenant.

4. Tenant shall cause its contractor to provide warranties for not less than one year against defects in workmanship, materials and equipment.

5. Tenant's Work shall be subject to the inspection of Landlord and its supervisory personnel.

B. Landlord's Right to Perform Work

Landlord shall have the right, but not the obligation, after providing one (1) business days' notice to Tenant, to perform, on behalf of and for the account of Tenant, subject to reimbursement of the cost thereof by Tenant, any and all of Tenant's Work which Landlord determines, in its sole discretion, should be performed immediately and on an emergency basis for the best interest of the Premises, including, without limitation, work which pertains to structural components, mechanical, sprinkler and general utility systems, roofing and removal of unduly accumulated construction material and debris.

C. As-Built Drawings

Tenant shall cause "As-Built Drawings" to be delivered to Landlord and/or Landlord's representative no later than thirty (30) days after the completion of Tenant's Work. In the event these drawings are not received by such date, Landlord may, at its election, cause said drawings to be obtained and Tenant shall pay to Landlord, as Rent, the cost of producing these drawings.

EXHIBIT "C"
FURNITURE
[See Attached]

EXHIBIT C-1

**EXHIBIT C
(Furniture List)**

Note: This list references the accompanying Goodmans Final Overall Plan.

AREA	DESCRIPTION	IAC qty	PAI qty	Common	Total
Aeron Chairs		51	52		103
	(throughout, in cubicles, offices)				
Reception					
	Reception Cubicle	1	1		2
	Benches	3	3		6
	Coffee Table	1	1		2
	Side Table	2	1		3
Conference Room					
	Table	1	1		2
	Highback Leather Chairs	12	12		24
	Buffet	1	1		2
	Rolling Credenza		2		2
Complete Cubicles					
	Containing	27	45		72
	2 overhead credenza's				
	3 Drawer File Cabinet				
	2 Drawer File Cabinet				
	Key Board Tray				
	Pedestal Tray				
	Taco Tray				
Partial Cubicles		4	0		4
	only partitions exist, no desk				
Executive Offices		6	6		12
	Containing				
	Desk	1	1		12
	Side	1	1		12
	2 Drawer File Cabinet & 3 shelf c	1	1		12
	Corner Unit	1	1		12
	Key Board Tray	1	1		12
	3 Drawer File Cabinet	1	1		12
	Guest Table	1	1		12
	Guest Chairs	4	4		48

**EXHIBIT C
(Furniture List)**

Note: This list references the accompanying Goodmans Final Overall Plan.

AREA	DESCRIPTION	IAC qty	PAI qty	Common	Total
Management Offices		3			3
	Containing				
	Desk	1			3
	Side	1			3
	2 Drawer File Cabinet	1			3
	Guest Chairs	2			6
Customer Room			3		
	Table		1		3
	Chairs		4		12
Training Room					
	Table		4		4
Accounting File Room					
	File Cabinets		3		3
Breakroom					
	Table			3	3
	Plastic Chairs			16	16
Engineering					
	Desk		3		3
	Side		3		3
	2 Drawer File Cabinet w/3 shelf Credenza		1		1
	2 Drawer File Cabinet		2		
	Corner		3		3
	File Cabinet (3 Drawer)				
	Table		1		1
	Guest		2		2
	4 level book shelf		1		1
	Holga Filing System		1		1
	Rolling Buffet		1		1
Scanning Department					
	To be retained by Pegasus				

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER

[THE SEAL OF PIMA

DOCKET: 11905
PAGE: 1534
NO. OF PAGES: 9

1951 ASI

COUNTY
ARIZONA]

SEQUENCE: 20021990395
10/15/2002
SBDAG 14:27

W
BANK ONE
PO BOX 82942
PHOENIX AZ 85082

MAIL AMOUNT PAID \$14.00

Phoenix, AZ 85004

AND WHEN RECORDED MAIL TO:

BANK ONE COMMERCIAL LOAN SERVICING

P.O. Box 82942 AZ1-2570
Phoenix, AZ 85082-2943

SUBORDINATION AGREEMENT; ACKNOWLEDGEMENT OF

**LEASE ASSIGNMENT, ESTOPPEL,
ATTORNMEN AND NON-DISTURBANCE AGREEMENT
(Lease To Deed of Trust)**

THIS SUBORDINATION AGREEMENT; ACKNOWLEDGEMENT OF LEASE ASSIGNMENT, ESTOPPEL, ATTORNMEN AND NON-DISTURBANCE AGREEMENT ("Agreement") is made August 22, 2002, by and between PEGASUS AVIATION, INC., a California corporation ("Owner" and "Lessor"), INTUIT INC., a Delaware corporation ("Lessee"), and BANK ONE, ARIZONA, N.A. ("Lender").

RECITALS

- A. Pursuant to the terms and provisions of a lease dated August 16, 2002 ("Lease"). Owner, as "Lessor", granted to Lessee and leasehold estate in and to the property described on *Exhibit A* attached hereto and incorporated herein by this reference (which property, together with all improvements now or hereafter located on the property, is defined as the "Property").
- B. Owner has executed a deed of trust with assignment of leases and rents, security agreement and financing statement ("Deed of Trust") securing, among other things, a promissory note ("Note") in the principal sum of TWO MILLION FOUR HUNDRED THIRTY-SEVEN THOUSAND FIVE HUNDRED AND NO/ 100THS DOLLARS (\$2,437,500.00), dated July 1, 2001, in favor of Lender, which Note is payable with interest and upon the terms and conditions described therein ("Loan").
- C. Lender requires that the Deed of Trust be unconditionally and at all times remain a lien on the Property, prior and superior to all the rights of Lessee under the Lease, and that Lessee specifically and unconditionally subordinates the Lease to the lien of the Deed of Trust.
- D. Owner and Lessee have agreed to the subordination, attornment and other agreements herein in favor of Lender.

NOW THEREFORE, for valuable consideration, Owner and Lessee hereby agree for the benefit of Lender as follows:

1. **SUBORDINATION.** Owner and Lessee hereby agree, subject to Paragraph 6 (*Non-Disturbance*) below, that:
 - 1.1 **Prior Lien.** The Deed of Trust securing the Note in favor of Lender, and any modifications, renewals or extensions thereof, shall unconditionally be and at all times remain a lien on the Property prior and superior to the Lease;
 - 1.2 **Subordination.** Lender would not make the Loan without this agreement to subordinate; and
 - 1.3 **Whole Agreement.** This Agreement shall be the whole agreement and only agreement with regard to the subordination of the Lease to the lien of the Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between the Deed of Trust and the Lease, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination of the Lease to a deed or deeds of trust or to a mortgage or mortgages.AND FURTHER, Lessee individually declares, agrees and acknowledges for the benefit of Lender, subject to Paragraph 6 (*Non-Disturbance*) below, that:
 - 1.4 **Waiver, Relinquishment and Subordination.** Lessee intentionally and unconditionally waives, relinquishes and subordinates all Lessee's right, title and interest in and to the Property to the lien of the Deed of Trust and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and may be made by Lender and, as part and parcel thereof, specific monetary and other obligations are being and may be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.
2. **ASSIGNMENT.** Lessee acknowledges and consents to the assignment of the Lease by Lessor in favor of Lender.
3. **ESTOPPEL.** Lessee acknowledges and represents that:
 - 3.1 **Lease Effective.** The Lease has been duly executed and delivered by Lessee and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Lessee thereunder are valid and binding and there have been no modifications or additions to the Lease, written or oral;
 - 3.2 **No Default.** To the best of Lessee's knowledge, as of the date hereof: (i) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease; and (ii) there are no existing claims, defenses or offsets against rental due or to become due under the Lease;
 - 3.3 **Entire Agreement.** The Lease constitutes the entire agreement between Lessor and Lessee with respect to the Property and Lessee claims no rights with respect to the Property other than as set forth in the Lease; and
 - 3.4 **No Prepaid Rent.** No deposits or prepayments of rent have been made in connection with the Lease, except as follows: (if none, state "None")
None.
4. **ADDITIONAL AGREEMENTS.** Lessee covenants and agrees that, during all such times as Lender is the Beneficiary under the Deed of Trust:
 - 4.1 **Modification, Termination and Cancellation.** Lessee will not consent to any modification, amendment, termination or cancellation of the Lease (in whole or in part) without Lender's

prior written consent and will not make any payment to Lessor in consideration of any modification, termination or cancellation of the Lease (in whole or in part) without Lender's prior written consent (other than exercise of Lessee's termination rights pursuant to the provisions of Sections 7.3, 10.3, 11.1, or 20 of the Lease;

- 4.2 **Notice of Default.** In the event of a default under the Lease by Owner which would give Lessee the right to terminate the Lease or declare a total or partial eviction (constructive or otherwise), Lessee shall not seek to terminate the Lease or so declare an eviction by Owner until (i) Lessee shall have given written notice of such default (which notice shall specify the exact nature of such default and how the same may be cured) to Owner and to Lender by certified mail, postage prepaid, return receipt requested, or by overnight courier service, and (ii) thirty (30) days shall have elapsed following the giving of such notice. If, during such thirty (30)-day period, Owner or Lender shall cure or substantially cure such default, Lessee shall waive its right to either terminate the Lease or declare an eviction with respect to the default by Landlord specified in such notice;
- 4.3 **No Advance Rents.** Lessee will make no payments or prepayments of rent more than one (1) month in advance of the time when the same become due under the Lease; and
- 4.4 **Assignment of Rents.** Upon receipt by Lessee of written notice from Lender that Lender has elected to terminate the license granted to Lessor to collect rents, as provided in the Deed of Trust, and directing the payment of rents by Lessee to Lender, Lessee shall comply with such direction to pay and shall not be required to determine whether Lessor is in default under the Loan and/or the Deed of Trust. Owner agrees that all such payments to Lender shall satisfy Lessee's obligations under the Lease with respect to all rents so paid to Lender.
5. **ATTORNMEN**T. In the event of a foreclosure under the Deed of Trust, Lessee agrees for the benefit of Lender (including for this purpose any transferee of Lender or any transferee of Lessor's title in and to the Property by Lender's exercise of the remedy of sale by foreclosure under the Deed of Trust) as follows:
 - 5.1 **Payment of Rent.** Lessee shall pay to Lender all rental payments required to be made by Lessee pursuant to the terms of the Lease for the duration of the term of the Lease;
 - 5.2 **Continuation of Performance.** Lessee shall be bound to Lender in accordance with all of the provisions of the Lease for the balance of the term thereof, and Lessee hereby attorns to Lender as its landlord, such attornment to be effective and self-operative without the execution of any further instrument immediately upon Lender succeeding to Lessor's interest in the Lease and giving written notice thereof to Lessee;
 - 5.3 **No Offset.** Lender shall not be liable for, nor subject to, any offsets or defenses which Lessee may have by reason of any act or omission of Lessor under the Lease, nor for the return of any sums which Lessee may have paid to Lessor under the Lease as and for security deposits, advance rentals or otherwise, except to the extent that such sums are actually delivered by Lessor to Lender; and
 - 5.4 **Subsequent Transfer.** If Lender, by succeeding to the interest of Lessor under the Lease, should become obligated to perform the covenants of Lessor thereunder, then, upon any further transfer of Lessor's interest by Lender, all of such obligations thereafter accruing shall terminate as to Lender.
6. **NON-DISTURBANCE.** In the event of a foreclosure under the Deed of Trust, so long as there shall then exist no breach, default, or event of default on the part of Lessee under the Lease, Lender agrees for itself and its successors and assigns that the leasehold interest of Lessee under the Lease shall not be extinguished or terminated by reason of such foreclosure, but rather the Lease

shall continue in full force and effect and Lender shall recognize and accept Lessee as tenant under the Lease subject to the terms and provisions of the Lease, including for the duration of any option periods exercised by Lessee.

7. MISCELLANEOUS.

- 7.1 **Heirs, Successors, Assigns and Transferees.** The covenants herein shall be binding upon, and inure to the benefit of, the heirs, successors and assigns of the parties hereto; and
- 7.2 **Notices.** All notices or other communications required or permitted to be given pursuant to the provisions hereof shall be deemed served upon delivery or, if mailed, upon the first to occur of receipt or the expiration of three (3) days after deposit in United States Postal Service, certified mail, postage prepaid and addressed to the address of Lessee or Lender appearing below:

“OWNER”

PEGASUS AVIATION, INC.
Four Embarcadero Center, 35th Floor
San Francisco, CA 94111
Attn: General Counsel

“LESSEE”

INTUIT INC.
2632 Marine Way
Mountain View, CA 94043
Attn: Heather Macdonald

“LENDER”

BANK ONE, ARIZONA, N.A.
2001 North Central
Phoenix, AZ 85004

with a copy to:
BANK ONE COMMERCIAL LOAN
SERVICING
P.O. Box 82942 AZ1-2570
Phoenix, AZ 85082-2943

with a copy to:

INTUIT, INC.
2700 Coast Avenue
Mountain View, CA 94043
Attn: General Counsel

with a copy to Lessee at:

6550 S. Country Club Road
Tucson, AZ 85715

provided, however, any party shall have the right to change its address for notice hereunder by the giving of written notice thereof to the other party in the manner set forth in this Agreement, and

- 7.3 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument; and
- 7.4 **Remedies Cumulative.** All rights of Lender herein to collect rents on behalf of Lessor under the Lease are cumulative and shall be in addition to any and all other rights and remedies provided by law and by other agreements between Lender and Lessor or others; and
- 7.5 **Paragraph Headings.** Paragraph headings in this Agreement are for convenience only and are not to be construed as part of this Agreement or in any way limiting or applying the provisions hereof.

INCORPORATION. Exhibit A is attached hereto and incorporated herein by this reference.

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

“OWNER”

PEGASUS AVIATION, INC., a California corporation

By: _____ /s/ (ILLEGIBLE SIGNATURE)

Its: _____ SVP Administration & CFO

“LENDER”

BANK ONE, ARIZONA, N.A.

By: _____ /s/ (ILLEGIBLE SIGNATURE)

Its: _____ Vice President

“LESSEE”

INTUIT INC., a Delaware corporation

By: _____ /s/ GREG SANTORA

Its: _____

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

DESCRIPTION OF PROPERTY

EXHIBIT A to Subordination Agreement; Acknowledgement of Lease Assignment, Estoppel, Attornment and Non-Disturbance Agreement dated as of August 22, 2002, by and between PEGASUS AVIATION, INC., a California corporation (“Owner”), INTUIT INC., a Delaware corporation (“Lessee”), and BANK ONE, ARIZONA, N.A. (“Lender”).

All that portion of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 17, Township 15 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows, to wit:

BEGINNING at the Northeast corner of said Section 17;

THENCE South 0 degrees 46 minutes 12 seconds East, along the East line of Section 17, a distance of 362.09 feet measured (363.33 feet record) to a point;

THENCE South 89 degrees 21 minutes 45 seconds West measured (South 89 degrees 22 minutes 50 seconds West record), a distance of 75.00 feet to a point on the Westerly right-of-way line of South Country Club Road, said point being the TRUE POINT OF BEGINNING;

THENCE continuing South 89 degrees 21 minutes 45 seconds West measured (South 89 degrees 22 minutes 50 seconds West record), a distance of 596.32 feet measured (595.89 feet record) to a point;

THENCE South 0 degrees 44 minutes 38 seconds East measured (South 0 degrees 44 minutes 47 seconds East record), a distance of 298.59 feet measured (298.21 feet record) to a point;

THENCE North 89 degrees 26 minutes 18 seconds East measured (North 89 degrees 23 minutes 14 seconds East record), a distance of 811.14 feet measured (611.02 feet record) to a point;

THENCE North 0 degrees 47 minutes 23 seconds West measured (North 0 degrees 46 minutes 12 seconds West record) along the Westerly right-of-way line of South Country Club Road, a distance of 2.25 feet to a point;

THENCE North 03 degrees 35 minutes 52 seconds West, along the Westerly right-of-way line of South Country Club Road, a distance of 297.54 feet to a point, said point being the TRUE POINT OF BEGINNING.

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On August 22, 2002, before me,
Date

Angela Todd ,

Name and Title of Officer (e.g., "Jane Doe Notary Public")

Personally appeared

Richard M. Oster ,

Name of Signer(s)

x personally known to me — OR —

x proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Seal]
ANGELA TODD
COMM. #1265618
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My Comm. Expires May 28, 2004

/s/ Angela Todd

Signature of Notary Public

ACKNOWLEDGMENT

STATE OF ARIZONA

)

COUNTY OF ARIZONA

) ss.

)

On 10/1, 2002, before me,

Tracy Edwardsen, Notary Public

Date

Name and Title of Officer (e.g., Jane Doe Notary Public')

Personally appeared

Dianne Katscher

Name of Signer(s)

x personally known to me — OR —

x proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Seal]

NOTARY PUBLIC
STATE OF ARIZONA
Maricopa County

TRACY EDWARDSEN

My Appointment Expires June 30, 2003

/s/ Tracy Edwardsen

Signature of Notary Public

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “**Assignment**”) is entered into as of the 27th day of September, 2002 (the “**Effective Date**”), by and between KCD-TX I Investment Limited Partnership, a Texas limited partnership (“**Assignor**”), and Wells Operating Partnership, L.P., a Delaware limited partnership (“**Assignee**”).

PRELIMINARY STATEMENTS:

The following preliminary statements are a material part of this Assignment.

A. Assignor and Lacerte Software Corporation (“**Tenant**”) made and entered into that certain Lease Agreement, dated February 22, 2000 (the “**Lease**”), by the terms of which Assignor leased to Tenant certain real property located in Plano, Collin County, Texas, more particularly described on **Exhibit “A”** attached to this Assignment and made a part of this Assignment for all purposes.

B. Assignor now desires to assign the Lease, together with all of Assignor’s right, title and interest in and to the Lease to Assignee, and Assignee desires to assume the same.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the sum of Ten and No/ 100 Dollars (\$10.00), and of the mutual covenants and promises set forth in this Assignment, the receipt and sufficiency of which are hereby expressly acknowledged by all the parties hereto, Assignor and Assignee hereby covenant and agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor’s right, title and interest in and to the Lease, including specifically all of the benefits and rights relating to the Lease but subject to all of the obligations and burdens of Assignor under the Lease effective as of the Effective Date.
 2. Assignee hereby assumes and agrees to be bound by the provisions of the Lease and hereby undertakes and assumes each and every one of the Assignor’s obligations under the Lease from and after of the Effective Date.
 3. Assignor hereby indemnifies and agrees to hold Assignee harmless from and against any claims, defaults or other liabilities (including, without limitation, court costs and attorneys’ fees) under the Lease first arising or accruing on or before, or any events first occurring at any time on or before, the date hereof. Assignee indemnifies and agrees to hold Assignor harmless from and against any claims, defaults or other liabilities (including, without limitation, court costs and
-

attorneys' fees) under the Lease first arising or accruing after, or any events first occurring after, the date hereof [except for "Punch List Work"].

4. All of the covenants and agreements contained in this Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, and permitted successors and assigns, to the extent that any such transfer of interest may be allowed under the Lease.
5. This Assignment shall not be effective and binding unless and until fully executed by all of the parties hereto.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first written above.

Assignor:

KCD-TX 1 INVESTMENT LIMITED

PARTNERSHIP, a Texas limited partnership

By: KCD — TX Investments, LLC, its general
partner

By: /s/ STEVEN VAN AMBURGH

Steven Van Amburgh
Manager

[signatures continued on next page]

[continuation of signatures for Assignment and Assumption of Lease — Texas]

Assignee:

WELLS OPERATING PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, as general partner

By: /s/ DOUGLAS P. WILLIAMS

Name: Douglas P. Williams
Title: Executive Vice President

Exhibit "A"

to Assignment and Assumption of Lease

Legal Description

BEING a tract of land situated in the Samuel H. Brown Survey, Abstract No. 108, in the City of Plano, Collin County, Texas and being a portion of a tract of land conveyed to KCD-TX Investment Limited Partnership by Electronic Data Systems Corporation, as evidenced in a deed recorded in Volume 4694, Page 1841 of the Land Records of Collin County, Texas (L.R.C.C.T.) and being a portion of a tract of land conveyed to EDS Information Services by Electronic Data Systems Corporation as evidenced by Correction Special Warranty Deed recorded in Volume 5022, Page 3593 of the Land Records of Collin County, Texas (L.R.C.C.T.) and being all of Lot 1, Block 1, LaCerte Addition, an addition to the City of Plano, as recorded by plat in Cabinet N, Page 231, and being more particularly described as follows:

BEGINNING at a 5/8" iron rod set for corner at the southeast end of a corner clip at the intersection of the north right-of-way line of Headquarters Drive (variable width R. O. W.) with the east right of way line of Parkwood Boulevard (a 130' right of way):

THENCE along the east right-of-way line of said Parkwood Boulevard, the following:

North 45°00'27" West, a distance of 35.41 feet to a 5/8-inch iron rod set for corner;

North 00°05'22" West, a distance of 42.02 feet to a 5/8-inch iron rod found corner at the point of curvature of a curve to the right having a central angle of 08°08'55", a radius of 935.00 feet and a chord bearing North 03°59'05" East and a chord distance of 132.86 feet;

Continuing along the easterly line of Parkwood Boulevard and said to curve to the right, an arc distance of 132.97 feet to a 3/4" iron rod found for corner at the point of tangency of said curve;

North 08°03'33" East, a distance of 55.98 feet to an "X" cut in concrete set for corner at the point of curvature to the right having a central angle of 09°11'31", a radius of 589.03 feet and a chord bearing North 12°39'18" East and a chord distance of 94.40 feet;

Continuing along the easterly line of Parkwood Boulevard and said curve to the right, an arc distance of 94.50 feet to a 3/4" iron rod found for corner at the point of compound curvature of a curve to the right having a central angle of 11°00'45", having a radius of 939.00 feet and a chord bearing North 22°45'26" East and a chord distance of 180.30 feet;

Continuing along the easterly line of Parkwood Boulevard and said compound curve to the right an arc distance of 180.51 feet to a 3/4" iron rod found for corner at the end of said curve;

THENCE South 89°55'31" East, departing the easterly line of Parkwood Boulevard, a distance of 824.39 feet to an aluminum monument found for corner;

THENCE South 00°04'29" West, a distance of 518.00 feet to a 3/4" iron rod found for corner on the north right-of-way line of the aforementioned Headquarters Drive;

THENCE in a westerly direction, along the north right-of-way line of said Headquarters Drive, the following:

North 89°55'31" West, a distance of 581.21 feet to an iron rod with cap stamped KHA found for corner;

North 88°12'25" West, a distance of 150.07 feet to a 5/8" iron rod set for corner;

North 89°55'31" West, a distance of 174.91 feet to the POINT OF BEGINNING and containing 10.6954 acres or 465,893 square feet of land.

RECORD AND RETURN TO:
Fidelity National Title Insurance Company
717 North Harwood Street, Suite 800
Dallas, Texas 75201

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW
(THE STATE OF TEXAS) (COUNTY OF COLLIN)

I hereby certify that this instrument was FILED in the File Number Sequence on the date and the time
stamped hereon by me; and was duly RECORDED, in the Official Public Records of Real Property of
Collin County, Texas on

OCT 01 2002

/s/ HELEN STARNES

[Seal of County Court of Collin County Texas]

Filed for Record in:

Collin County, McKinney TX
Honorable Helen Starnes
Collin County Clerk

On Oct 01 2002

At 12:46pm

Doc/ Num: 2002- 0140907

Recording/ Type:AS 19.00

Receipt #: 34819

BUSINESS CONDUCT GUIDE**LIVING OUR OPERATING VALUES**

Intuit's first operating value is "Integrity Without Compromise." As stated in our Vision, Mission and Operating Values: "In all we do, we maintain the highest standards, never approaching what could be considered questionable behavior. On this we never compromise."

You – along with every other Intuit employee – are expected to carry out your work in accordance with these standards of conduct. You should be aware that these standards are greater than those that may be required by law. In addition, your Business Unit (BU) or Functional Group (FG) may impose stricter guidelines depending on business needs. These guidelines do not, and cannot, cover every situation. We encourage you to seek guidance from your supervisor, the Vice President in your BU or FG, or the General Counsel.

1. AVOIDING CONFLICTS OF INTEREST

You are generally free to engage in personal business and financial transactions and other activities outside of Intuit. However, you may not participate in any activity in which your personal interests conflict with those of Intuit.

A conflict of interest occurs whenever you permit the prospect of direct or indirect personal gain to improperly influence your judgment or actions and to conflict with your responsibilities to Intuit. You should avoid situations in which your loyalties may be divided between Intuit's interests and your personal interests. It's your responsibility to bring any potential conflict of interest to your supervisor's attention so that he or she may provide appropriate guidance, which may include asking that you end the activity that raises a conflict of interest issue.

A. *Outside Employment and Other Affiliations*

You are prohibited from accepting simultaneous employment as an employee, independent contractor, consultant with, or member of the board of directors of, an outside business concern (particularly, an Intuit customer, partner, distributor, supplier), if such affiliation could give rise to an actual or potential conflict of interest. Possible examples include serving as a director or an officer of a firm that sells to or purchases from Intuit, or working for a supplier. You are also prohibited from taking part in any activity that enhances or supports a competitor's position, including accepting simultaneous employment with a competitor. Any compensation, including equity compensation, you receive for serving with an outside business concern should be of an amount consistent with your responsibilities.

B. *Gifts and Entertainment*

Neither you nor any member of your immediate family may give or accept any gift which might indicate an intent to improperly influence the normal business relationship between Intuit and any supplier, customer, partner, distributor or other third party. Permissible gifts are given openly, directly, come with no strings attached, and are of appropriate value. You should never accept a gift that is given to create a sense of obligation on your part with the intention of changing your behavior. You are prohibited from accepting any gift from an Intuit competitor. For the purpose of this policy, "gift" is defined as any object or service of value, including vacations, tickets to sporting events, etc.

As a general guide, a gift with a value of over US\$250 may be improper. However, repeated gifts with a value under US\$250 also may be considered improper. For example, an offer from a supplier to treat you to an expensive dinner every month might indicate intent to improperly influence the business relationship, and thus accepting the offer could violate this policy. We expect you to use good judgment and seek guidance from your supervisor or by contacting the General Counsel if you have any questions about this provision.

Neither you nor any member of your immediate family may accept any personal discount from any Intuit supplier, customer or competitor, unless the same discount is available to all Intuit employees or is publicly available.

For information regarding gifts, gratuities, or entertainment to employees of the US Government, state and local governments, or foreign government entities, see the Intuit Corporate Affairs intranet site.

C. Investments in Other Businesses

Neither you nor any member of your immediate family may hold a financial interest in an outside business concern (e.g., with any of Intuit's suppliers, partners, distributors or competitors) that might give rise to an actual or potential conflict of interest. Many factors should be considered in determining whether a conflict of interest exists, including the size and nature of the investment; your ability to influence Intuit decisions that could affect the other company; your access to confidential information of Intuit or of the other company; and the nature of the relationship between Intuit and the other business. For example, you may hold a financial interest in a mutual fund that invests an Intuit competitor, where you have no influence or control over the fund's investment decisions. However, you may not hold a substantial equity interest in one of our suppliers.

D. Conducting Business With Family Members

As a general rule, you should avoid conducting Intuit business with a family member or with a business in which a family member is associated in any significant role. You must disclose to your supervisor all situations in which you or your Intuit working group is conducting business with a member of your family. Once you disclose the arrangement, the Vice President of your BU/FG will determine whether the relationship may proceed. If the relationship does proceed, you will not be permitted to make Intuit decisions about retaining, supervising or evaluating the services provided to Intuit.

E. Corporate Opportunities

You should not take for yourself a business opportunity in which Intuit has an interest. A corporate opportunity will typically be a business opportunity in which Intuit is already interested or which is closely related to Intuit's current business or its anticipated future plans. Possible examples include: an officer's purchase of an equity interest in a company that he/she knows Intuit may be interested in acquiring; or an employee's leasing a facility that Intuit has considered occupying. If you believe you may be pursuing such an opportunity, you must disclose the opportunity to the Vice President in your BU/FG. Once you've disclosed the potential arrangement, the Vice President will determine whether the relationship may proceed.

2. CONDUCTING BUSINESS WITH INTEGRITY

We've designed these guidelines to help you conduct Intuit's business with integrity and in compliance with applicable governmental laws, rules and regulations. Although the spirit of these laws is straightforward, their application to particular situations can be complex. If you have a question concerning any of this information, please contact your supervisor or the BU/FG attorney who is responsible for your group.

A. Antitrust Laws

Our policy is to comply with all US federal, state and local antitrust laws, as well as all applicable foreign antitrust laws. Antitrust laws, also known as "anti-monopoly", "competition" or "consumer protection" laws, are intended to preserve competition by prohibiting actions that could unreasonably restrain the functioning of a free marketplace.

These laws often regulate Intuit's relationships with its distributors and dealers, including pricing practices, discounting, credit terms, promotional allowances, exclusive dealerships or distributorships, restrictions on carrying competing products, termination and many other practices.

They also govern relationships between Intuit and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers and suppliers. Participating with competitors in a trade association is generally acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

B. External Communications

Intuit's reputation for integrity is an important asset and the result of honesty with the general public, our stockholders and our customers. Intuit is committed to the full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications that we make. In addition, we must always be truthful in our promotional efforts and other public announcements. You must not use misrepresentations in any external communication, including, regulatory filings, advertisements, and promotional or public announcements.

C. Intuit's Confidential Information

Intuit's confidential and proprietary information is our most valuable asset and includes product architectures, source codes, and programming techniques; product plans and road maps; names and lists of customers, dealers, and employees; and financial information. This information is Intuit property and is protected by copyright, trade secret laws, and, sometimes, by patents. Every employee has the responsibility to safeguard it and to never disclose it, intentionally or inadvertently.

When you joined Intuit, you signed an Employee Invention Assignment and Confidentiality Agreement to protect and hold confidential Intuit's proprietary information. This Agreement remains in effect for as long as you work for Intuit and even after you leave Intuit. Under this agreement, you may not disclose Intuit's confidential information to anyone or use it to benefit anyone other than Intuit. Any permitted disclosure of confidential information to a third party requires a Mutual Nondisclosure Agreement between Intuit and the third party, completed in accordance with Intuit's procedures.

From time to time, you may have access to information about Intuit's business that has not been publicly disclosed. Material, nonpublic information about Intuit's business is called "inside" information. It can be financial information, product launch dates, or any other information that could affect the price of Intuit's stock. Trading stock on the basis of inside information is illegal. For information regarding trading limitations and inside information, see Intuit's Insider Trading Policy.

D. Third-Party Proprietary Information/Intellectual Property

Intuit respects the intellectual property of third parties. You may be a former employee of another company and possess trade secrets of that company. You must not reveal any information to Intuit that might reasonably be considered a trade secret of a former employer.

Some of the software used at Intuit was created and copyrighted by other companies and may be subject to nondisclosure restrictions. Such software is usually governed by a license agreement. It is Intuit's policy to comply with license agreements that govern the use of software. Reproducing software without authorization may violate these agreements, and is likely to violate the US Copyright Act, and the copyright laws of other countries. You shouldn't make copies, resell or transfer software created by another company unless it is authorized under the applicable software license agreement.

You may, under a written agreement (typically a Mutual Nondisclosure Agreement completed in accordance with Intuit's procedures) become familiar with a supplier's proprietary designs, processes, or techniques, or gain other information that the supplier has designated as proprietary or as trade secrets under the agreement. You must take care to respect the proprietary nature of this information and not use it without authorization or reveal it to the supplier's competitors.

You must also comply with rules governing internal distribution of copyrighted articles, content and subscription materials so that Intuit does not violate an author's or publisher's rights to control duplication or distribution. To learn about Intuit's basic guidelines for referencing, distributing or quoting from copyrighted materials, see Intuit's Guidelines for Shared Copyrighted Materials.

E. Proper Use of Company Funds, Property and Computing Resources

You are personally accountable for any form of company funds, such as credit cards, tickets, cash and checks that you may have. If you use company funds, you must ensure that the company has received proper value in return. Intuit trusts its employees with company property. Using this property in a way that conflicts Intuit's interests, or in any manner that may reasonably be considered offensive or disruptive to another employee, is strictly prohibited. Please also see Intuit's Computer/Internet/Email policy, which discusses proper use of our electronic commerce, electronic mail, and other Internet-related systems.

F. Accurate Books, Records and Accounts

All Intuit payments and other transactions must be properly authorized by management and be accurately and completely recorded on Intuit books and records in accordance with generally accepted accounting principles and established corporate accounting policies. You must not create any false, incomplete or misleading entry or record. No undisclosed or unrecorded corporate funds shall be established for any purpose, nor should Intuit funds be placed in any personal or non-corporate account. All corporate assets must be properly protected and asset records regularly compared with actual assets; proper and prompt action must be taken to reconcile any variances.

G. Bribery/Foreign Corrupt Practices Act

No officer, employee, agent or stockholder acting on behalf of Intuit or of any Intuit subsidiary may pay or accept bribes of any type. A bribe is defined as a payment made to influence an act or someone's decision, or inducing such person to use his influence. The United States Foreign Corrupt Practices Act places restrictions on such bribes, which carry civil and criminal liability for both Intuit and individual officers, employees, agents and stockholders acting on behalf of Intuit.

With the exception of certain regulatory fees set by the government, all offers, payments, promises to pay, authorization to pay any money, or offer, gift, promise to give, or authorization to give anything of value to any foreign official, political party or official thereof from either Intuit or private funds in furtherance of Intuit business are strictly prohibited.

In light of the restrictive nature of these prohibitions, you may not make payments to any foreign government officials or employees without obtaining guidance from the General Counsel.

H. Political Contributions/Gifts

Business contributions to political campaigns are strictly regulated by federal, state and local law. Accordingly, all political contributions with Intuit funds are coordinated and approved by Intuit Corporate Affairs. You may not, without the approval of Intuit Corporate Affairs, use any Intuit funds for political contributions of any kind to any political candidate or holder of any national, state or local government office. You may make personal contributions, but you may not represent that you're making any such contribution on Intuit's behalf. Please contact Intuit Corporate Affairs if you have any specific questions.

I. Entertaining or Doing Business with the United States and other Foreign Governments

Giving anything of value to a government employee is strictly regulated and in many cases prohibited by law. Both you and Intuit must also comply with US federal, state and local laws, as well as foreign government laws governing the acceptance of business courtesies. You should consult with Intuit Corporate Affairs before providing or paying for any meals, refreshments, travel or lodging expenses, or giving anything of value to any US federal, state or local government employees, or to government employees of other countries.

4. Workplace Conduct

Intuit's values include ethical actions, honesty, respect for others and teamwork. Intuit policies prohibit discrimination and harassment of any kind and include our Rules of Conduct, Non-Harassment Policy, Workplace Violence Policy and Equal Employment Opportunity Plan. These policies are intended to protect our employees, and provide a safe, harassment-free environment. Intuit strictly prohibits harassment or discrimination of any kind, including harassment on the basis of sex, race, color, religion, gender, age, mental or physical disability, medical condition, national origin, marital status, veteran status, sexual orientation, or any other characteristic protected under US federal, state or local law.

5. Senior Financial Officers Code of Ethics

This Business Conduct Guide applies to all employees, including our principal executive officer, principal financial officer, principal accounting officer/controller, and persons performing similar functions, and is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

- Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications that we make;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of this Business Conduct Guide; and
- Accountability for adherence to this Business Conduct Guide.

6. Prompt Reporting Of Possible Violations Of Policies

If you know of or suspect any conduct that you believe is inconsistent with Intuit's policies or the law, you are obligated to report it. You may report to your supervisor, to the Vice President of your BU/FG, or through Intuit's Ethics Hotline, PO Box or email address:

- Ethical Conduct Hotline: (888) 327-8328 (toll free from the US) or (650) 944-2026 (from foreign sites)
- Intuit, Ethical Conduct, P.O. Box 391085, Mountain View, California 94039
- Ethical_Conduct@intuit.com

Any employee who reports a suspected violation of this policy, or regarding accounting, internal accounting controls or audit matters, will be protected from retaliation (such as discipline or involuntary termination of employment as a result of their reports). Intuit will promptly investigate all reports of actual or suspected non-compliance with our policies and determine an appropriate course of action.

7. Disciplinary Actions – Accountability for Adherence to Company Policies

The matters covered in this Business Conduct Guide are of the utmost importance to Intuit, its stockholders, and its business partners, and are essential to Intuit's ability to conduct its business in accordance with our stated values. We expect all of our employees to adhere to these rules in carrying out their duties for Intuit and such adherence is a condition of employment with Intuit.

Intuit will take appropriate action against any employee whose actions are found to violate the Business Conduct Guide or any other of Intuit's policies. Disciplinary actions may include the immediate termination of employment. Where Intuit has suffered a loss, it will pursue its remedies against the individuals or entities responsible. Where laws have been violated, Intuit will cooperate fully with the appropriate authorities. Employees performing services in the United States or other countries governed by at will employment rules, should be aware that this Business Conduct Guide does not alter an employee's at-will relationship with Intuit.

8. Other Information

This Business Conduct Guide supersedes all other Business Conduct Guides and may be changed from time to time by Intuit's Ethics Committee (whose members are the General Counsel, the Senior Vice President of Human Resources, and the Chief Financial Officer). Intuit will notify employees of any major changes.

Effective: July 31, 2003

LIST OF REGISTRANT'S SUBSIDIARIES
(At September 15, 2003)

Entity	State/Country of Incorporation
Domestic	
American Fundware Holding Company, Inc.	Delaware
American Fundware, Inc.	Colorado
apps.com, Inc.	Delaware
Blue Ocean Software, Inc.	Delaware
CBS Advisors LLC	Texas
CBS Benefit Services, LLC	Texas
CBS Corporate Services, Inc.	Texas
CBS Employer Services, Inc.	Texas
CBS Insurance Services, LLC	Texas
CBS Properties, Inc.	Texas
CBS Staff Solutions, LLC	Texas
Computing Resources, Inc.	Nevada
EmployeeMatters Insurance Agency of Massachusetts, LLC	Massachusetts
EmployeeMatters Insurance Agency, Inc.	Connecticut
Income Dynamics, Inc.	Nebraska
Intuit Administrative Services, Inc.	Delaware
Intuit Do-It-Yourself Payroll	California
Intuit Ventures Inc.	Delaware
Investment Solution Inc.	Delaware
Lacerte Educational Services, Inc.	Delaware
Lacerte Software Corporation	Delaware
Lion's Partners, LLC	Delaware
Management Reports Incorporated	Ohio
Management Reports International, Inc.	Ohio
Payroll Solution, Inc.	Texas
Quicken Investment Services, Inc.	Delaware
SecureTax.com, Inc.	Delaware
International	
American Fundware, an Intuit Company	Puerto Rico
Greenpoint Software, an Intuit Company	Canada
Intuit Canada Limited/Ltée	Canada
Intuit Canada Partnership	Canada
Intuit Information Technology Solutions Ltd.	United Kingdom
Intuit Limited	United Kingdom
Management Reports International (H.K.) Ltd.	Hong Kong
Management Reports International Limited	United Kingdom
Management Reports International Pte Limited	Singapore
Management Reports International Pty Limited	Australia
Management Reports International Southern Africa (PTY) Ltd.	South Africa

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements listed in the following table pertaining to the named plans of, or assumed by, Intuit Inc., of our report dated August 15, 2003, with respect to the consolidated financial statements and schedule of Intuit Inc., included in the Annual Report (Form 10-K) for the year ended July 31, 2003.

Form S-8 No.	Plan
33-59458	1988 Option Plan; Intuit Inc. 1993 Equity Incentive Plan; Non-Plan Officer Options
33-73222	Intuit Inc. 1993 Equity Incentive Plan; Chipsoft Plan
33-95040	Intuit Inc. 1993 Equity Incentive Plan; Personal News Options
333-06889	Options Granted By Interactive Insurance Services Corp. Under Its Management Equity Plan Assumed By The Issuer
333-14715	Options Granted Under The Galt Technologies Inc. 1995 Stock Option Plan And Assumed By Intuit Inc.
333-16827	Intuit Inc. 1993 Equity Incentive Plan
333-16829	Intuit Inc. 1996 Directors Stock Option Plan; Intuit Inc. 1996 Employee Stock Purchase Plan
333-20361	Option to Purchase Common Stock
333-45277	Intuit Inc. 1996 Directors Stock Plan
333-45285	Intuit Inc. 1996 Employee Stock Purchase Plan
333-45287	Intuit Inc. 1993 Equity Incentive Plan
333-53322	Options Granted Under The Apps.Com, Inc. 1999 Equity Incentive Plan And Assumed By Intuit Inc.
333-53324	Options Granted Under The EmployeeMatters, Inc. 1999 Stock Option Plan And Assumed By Intuit Inc.
333-51692	Intuit Inc. 1996 Employee Stock Purchase Plan
333-51694	Intuit Inc. 1993 Equity Incentive Plan
333-51696	Intuit Inc. Stock Option Agreements
333-51698	Intuit Inc. 1996 Directors Stock Plan
333-51700	Intuit Inc. Restricted Stock Purchase Agreements
333-68851	Intuit Inc. 1998 Option Plan For Mergers And Acquisitions
333-71099	Intuit Inc. 1993 Equity Incentive Plan
333-71101	Intuit Inc. 1996 Directors Stock Plan
333-71103	Intuit Inc. 1996 Employee Stock Purchase Plan
333-78041	Intuit Inc. 1998 Option Plan For Mergers And Acquisitions
333-81324	Intuit Inc. 1996 Directors Stock Plan
333-81328	Intuit Inc. 1996 Employee Stock Purchase Plan
333-81446	Intuit Inc. 2002 Equity Incentive Plan
333-84385	Options Granted Under The Boston Light Software Corp. 1999 Amended And Restated Option/Stock Issuance Plan and Assumed By Intuit Inc.
333-85349	Options Granted Under The Hutchison Avenue Software Corporation Stock Option Plan Date June 29, 1999 And Assumed By Intuit Inc.
333-89722	Options Granted Under The Flagship Group, Inc. 1999 Stock Option/Stock Issuance Plan and Assumed By Intuit Inc.
333-91056	Options Granted Under CBS Employer Services, Inc. 2000 Stock Option/Stock Issuance Plan and Assumed By Intuit Inc.
333-92503	Options Granted Under The Rock Financial Corporation Amended And Restated 1996 Stock Option Plan Assumed By Intuit Inc.
333-92513	Intuit Inc. 1996 Employee Stock Purchase Plan
333-92515	Intuit Inc. 1996 Directors Stock Plan
333-92517	Intuit Inc. 1993 Equity Incentive Plan

Form S-8 No.

Plan

333-102213

Intuit Inc. 2002 Equity Incentive Plan; Intuit Inc. 1996 Employee Stock Purchase Plan; Intuit Inc. 1996 Director Stock Option Plan

We also consent to the incorporation by reference in the Registration Statements (Form S-3 Nos. 333-50417, 333-63739 and 333-54610, and Form S-4 No. 333-71097) of Intuit Inc. and the related Prospectus of our report dated August 15, 2003, with respect to the consolidated financial statements and schedule of Intuit Inc. in this Annual Report (Form 10-K) for the year ended July 31, 2003.

/s/ ERNST & YOUNG LLP
San Francisco, California
September 17, 2003

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen M. Bennett, President and Chief Executive Officer of Intuit Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Intuit Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 19, 2003

/s/ Stephen M. Bennett

Stephen M. Bennett
President and Chief Executive Officer (Principal Executive
Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert B. Henske, Senior Vice President and Chief Financial Officer of Intuit Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Intuit Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 19, 2003

/s/ Robert B. Henske

Robert B. Henske
Senior Vice President and Chief Financial Officer (Principal
Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Intuit Inc. (the "Company") on Form 10-K for the fiscal year ended July 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen M. Bennett, President and Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen M. Bennett

Stephen M. Bennett
President and Chief Executive Officer

Dated: September 19, 2003

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Intuit Inc. (the "Company") on Form 10-K for the fiscal year ended July 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert B. Henske, Senior Vice President and Chief Financial Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert B. Henske

Robert B. Henske
Senior Vice President and Chief Financial Officer

Dated: September 19, 2003