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

FORM 10-Q

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

For the quarterly period ended January 31, 2011

OR

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

For the transition period from __________ to __________.

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

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

2700 Coast Avenue, Mountain View, CA 94043
(Address of principal executive offices)

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

Indicate by 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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 302,580,717 shares of Common Stock, $0.01 par value, were outstanding at February 22, 2011.

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PART I
ITEM 1
FINANCIAL STATEMENTS

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In millions, except per share amounts)	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010	Six Months Ended January 31, 2011	Six Months Ended January 31, 2010
Net revenue:				
Product	$ 430	$ 422	$ 646	$ 627
Service and other	448	415	764	684
Total net revenue	878	837	1,410	1,311
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	46	48	78	83
Cost of service and other revenue	129	114	252	223
Amortization of acquired technology	5	16	9	38
Selling and marketing	330	277	550	457
Research and development	158	144	314	285
General and administrative	88	88	178	165
Amortization of other acquired intangible assets	11	11	22	21
Total costs and expenses	767	698	1,403	1,272
Operating income from continuing operations	111	139	7	39
Interest expense	(15)	(15)	(30)	(31)
Interest and other income, net	6	2	14	7
Income (loss) from continuing operations before income taxes	102	126	(9)	15
Income tax provision (benefit)	29	46	(12)	4
Net income from continuing operations	73	80	3	11
Net income from discontinued operations	—	34	—	35
Net income	$ 73	$ 114	$ 3	$ 46
Basic net income per share from continuing operations	$ 0.24	$ 0.25	$ 0.01	$ 0.04
Basic net income per share from discontinued operations	—	0.11	—	0.11
Basic net income per share	$ 0.24	$ 0.36	$ 0.01	$ 0.15
Shares used in basic per share calculations	308	314	312	317
Diluted net income per share from continuing operations	$ 0.23	$ 0.25	$ 0.01	$ 0.03
Diluted net income per share from discontinued operations	—	0.10	—	0.11
Diluted net income per share	$ 0.23	$ 0.35	$ 0.01	$ 0.14
Shares used in diluted per share calculations	318	323	322	326

See accompanying notes.

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INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	January 31, 2011	July 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 433	$ 214
Investments	459	1,408
Accounts receivable, net	481	135
Income taxes receivable	123	27
Deferred income taxes	115	117
Prepaid expenses and other current assets	76	57
Current assets before funds held for customers	1,687	1,958
Funds held for customers	337	337
Total current assets	2,024	2,295
Long-term investments	89	91
Property and equipment, net	576	510
Goodwill	1,911	1,914
Acquired intangible assets, net	222	256
Long-term deferred income taxes	48	41
Other assets	109	91
Total assets	$ 4,979	$ 5,198
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 199	$ 143
Accrued compensation and related liabilities	147	206
Deferred revenue	564	387
Income taxes payable	1	14
Other current liabilities	256	134
Current liabilities before customer fund deposits	1,167	884
Customer fund deposits	337	337
Total current liabilities	1,504	1,221
Long-term debt	998	998
Other long-term obligations	205	158
Total liabilities	2,707	2,377
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	2,820	2,728
Treasury stock, at cost	(3,959)	(3,315)
Accumulated other comprehensive income	11	11
Retained earnings	3,400	3,397
Total stockholders' equity	2,272	2,821
Total liabilities and stockholders' equity	$ 4,979	$ 5,198

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2010	**313,861**	**$ 2,728**	**$ (3,315)**	**$ 11**	**$ 3,397**	**$ 2,821**
Components of comprehensive net income:						
Net income	—	—	—	—	3	3
Other comprehensive income, net of tax	—	—	—	—	—	—
Comprehensive net income						3
Issuance of common stock under employee stock plans	8,189	34	184	—	—	218
Restricted stock units released, net of taxes	1,394	(63)	32	—	—	(31)
Stock repurchases under stock repurchase programs	(18,459)	—	(860)	—	—	(860)
Tax benefit from share-based compensation plans	—	48	—	—	—	48
Share-based compensation expense	—	73	—	—	—	73
Balance at January 31, 2011	**304,985**	**$ 2,820**	**$ (3,959)**	**$ 11**	**$ 3,400**	**$ 2,272**

(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2009	**322,766**	**$ 2,547**	**$ (2,846)**	**$ 7**	**$ 2,849**	**$ 2,557**
Components of comprehensive net income:						
Net income	—	—	—	—	46	46
Other comprehensive income, net of tax	—	—	—	1	—	1
Comprehensive net income						47
Issuance of common stock under employee stock plans	6,851	2	150	—	(2)	150
Restricted stock units released, net of taxes	1,430	(22)	26	—	(24)	(20)
Stock repurchases under stock repurchase programs	(18,814)	—	(550)	—	—	(550)
Tax benefit from share-based compensation plans	—	10	—	—	—	10
Share-based compensation expense	—	65	—	—	—	65
Other	—	(3)	—	—	—	(3)
Balance at January 31, 2010	**312,233**	**$ 2,599**	**$ (3,220)**	**$ 8**	**$ 2,869**	**$ 2,256**

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended		Six Months Ended	
(In millions)	January 31, 2011	January 31, 2010	January 31, 2011	January 31, 2010
Cash flows from operating activities:				
Net income	$ 73	$ 114	$ 3	$ 46
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation	41	36	78	75
Amortization of acquired intangible assets	20	32	39	68
Share-based compensation expense	38	38	73	65
Pre-tax gain on sale of discontinued operations	—	(58)	—	(58)
Deferred income taxes	(9)	2	16	(22)
Tax benefit from share-based compensation plans	16	4	48	10
Excess tax benefit from share-based compensation plans	(14)	(2)	(41)	(5)
Other	6	6	11	10
Total adjustments	98	58	224	143
Changes in operating assets and liabilities:				
Accounts receivable	(333)	(318)	(345)	(331)
Prepaid expenses, income taxes receivable and other assets	19	51	(115)	(5)
Accounts payable	41	47	46	56
Accrued compensation and related liabilities	23	19	(59)	(38)
Deferred revenue	214	180	185	156
Income taxes payable	—	2	(13)	2
Other liabilities	123	92	121	76
Total changes in operating assets and liabilities	87	73	(180)	(84)
Net cash generated by operating activities	**258**	**245**	**47**	**105**
Cash flows from investing activities:				
Purchases of available-for-sale debt securities	(295)	(162)	(723)	(550)
Sales of available-for-sale debt securities	777	96	1,415	418
Maturities of available-for-sale debt securities	87	7	221	43
Net change in money market funds and other cash equivalents held to satisfy customer fund obligations	52	41	26	107
Net change in customer fund deposits	(26)	20	—	41
Purchases of property and equipment	(84)	(34)	(135)	(66)
Acquisitions of intangible assets	—	—	(3)	—
Acquisitions of businesses, net of cash acquired	—	(141)	—	(141)
Proceeds from divestiture of businesses	—	122	—	122
Other	8	(3)	3	(6)
Net cash provided by (used in) investing activities	**519**	**(54)**	**804**	**(32)**
Cash flows from financing activities:				
Net proceeds from issuance of common stock under stock plans	64	85	218	150
Tax payments related to issuance of restricted stock units	(3)	(5)	(31)	(20)
Purchases of treasury stock	(530)	(250)	(860)	(550)
Excess tax benefit from share-based compensation plans	14	2	41	5
Other	—	—	—	(1)
Net cash used in financing activities	**(455)**	**(168)**	**(632)**	**(416)**
Effect of exchange rates on cash and cash equivalents	(1)	1	—	1
Net increase (decrease) in cash and cash equivalents	**321**	**24**	**219**	**(342)**
Cash and cash equivalents at beginning of period	112	313	214	679
Cash and cash equivalents at end of period	**$ 433**	**$ 337**	**$ 433**	**$ 337**

See accompanying notes.

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Intuit Inc. provides business and financial management solutions for small and medium-sized businesses, consumers, accounting professionals and financial institutions. Our flagship products and services, including QuickBooks, Quicken and TurboTax, simplify small business management and payroll processing, personal finance, and tax preparation and filing. ProSeries and Lacerte are Intuit's tax preparation offerings for professional accountants. Our Financial Services business provides online banking solutions and services to banks and credit unions. Incorporated in 1984 and headquartered in Mountain View, California, we sell our products and services primarily in the United States.

Basis of Presentation

These condensed consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. We have eliminated all significant intercompany balances and transactions in consolidation. In November 2009 we acquired Mint Software Inc. for total consideration of approximately $170 million and in May 2010 we acquired Medfusion, Inc. for total consideration of approximately $89 million. We have included the results of operations for Mint and Medfusion in our consolidated results of operations from their respective dates of acquisition. In January 2010 we sold our Intuit Real Estate Solutions (IRES) business. We have reclassified our financial statements for all periods prior to the sale to reflect IRES as discontinued operations. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

We have included all adjustments, consisting only of normal recurring items and the reclassifications for discontinued operations discussed above, which we considered necessary for a fair presentation of our financial results for the interim periods presented. These unaudited condensed consolidated financial statements and accompanying notes should be read together with the audited consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2010. Results for the six months ended January 31, 2011 do not necessarily indicate the results we expect for the fiscal year ending July 31, 2011 or any other future period.

We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation, including amounts related to reportable segments and discontinued operations.

Seasonality

Our QuickBooks, Consumer Tax and Accounting Professionals businesses are highly seasonal. Revenue from our QuickBooks software products tends to be highest during our second and third fiscal quarters. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. Seasonal patterns mean that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while operating expenses continue at relatively consistent levels.

Significant Accounting Policies

We describe our significant accounting policies in Note 1 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2010. As discussed below, on August 1, 2010 we adopted authoritative guidance on multiple-deliverable revenue arrangements. There have been no other changes to our significant accounting policies during fiscal 2011.

Multiple-Deliverable Revenue Arrangements

In October 2009 the Financial Accounting Standards Board (FASB) amended the accounting standards applicable to revenue recognition for multiple-deliverable revenue arrangements that are outside the scope of industry-specific

software revenue recognition guidance. This new guidance amends the criteria for allocating consideration in multiple-deliverable revenue arrangements by establishing a selling price hierarchy. The selling price used for each deliverable will be based on vendor-specific objective evidence (VSOE) if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE is available. The guidance also eliminates the use of the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method.

We adopted this guidance on a prospective basis on August 1, 2010, and therefore applied it to relevant revenue arrangements originating or materially modified on or after that date.

VSOE generally exists when we sell the deliverable separately and we are normally able to establish VSOE for all deliverables in these multiple-element arrangements; however, in certain limited instances VSOE cannot be established. This may be because we infrequently sell each element separately, do not price products within a narrow range, or have a limited sales history, such as in the case of our emerging market offerings. When VSOE cannot be established, we attempt to establish selling price for each element based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately.

When we are unable to establish selling price using VSOE or TPE, we use ESP in our allocation of arrangement consideration. We determine ESP for a product or service by considering multiple factors, including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices.

Our adoption of this new accounting guidance did not have a significant impact on the timing and pattern of revenue recognition when applied to multiple-element arrangements because our multiple-element offerings are predominantly software or software-related and VSOE exists for most of these offerings.

Computation of Net Income (Loss) Per Share

We compute basic net income or loss per share using the weighted average number of common shares outstanding during the period. We compute diluted net income per share using the weighted average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares include shares issuable upon the exercise of stock options and upon the vesting of restricted stock units (RSUs) under the treasury stock method.

We include stock options with combined exercise prices, unrecognized compensation expense and tax benefits that are less than the average market price for our common stock, and RSUs with unrecognized compensation expense and tax benefits that are less than the average market price for our common stock, in the calculation of diluted net income per share. We exclude stock options with combined exercise prices, unrecognized compensation expense and tax benefits that are greater than the average market price for our common stock, and RSUs with unrecognized compensation expense and tax benefits that are greater than the average market price for our common stock, from the calculation of diluted net income per share because their effect is anti-dilutive. Under the treasury stock method, the amount that must be paid to exercise stock options, the amount of compensation expense for future service that we have not yet recognized for stock options and RSUs, and the amount of tax benefits that will be recorded in additional paid-in capital when the awards become deductible are assumed to be used to repurchase shares.

In loss periods, basic net loss per share and diluted net loss per share are the same since the effect of potential common shares is anti-dilutive and therefore excluded.

The following table presents the composition of shares used in the computation of basic and diluted net income per share for the periods indicated.

(In millions, except per share amounts)	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010	Six Months Ended January 31, 2011	Six Months Ended January 31, 2010
Numerator:				
Net income from continuing operations	$ 73	$ 80	$ 3	$ 11
Net income from discontinued operations	—	34	—	35
Net income	$ 73	$ 114	$ 3	$ 46
Denominator:				
Shares used in basic per share amounts:				
Weighted average common shares outstanding	308	314	312	317
Shares used in diluted per share amounts:				
Weighted average common shares outstanding	308	314	312	317
Dilutive common equivalent shares from stock options and restricted stock awards	10	9	10	9
Dilutive weighted average common shares outstanding	318	323	322	326
Basic and diluted net income per share:				
Basic net income per share from continuing operations	$ 0.24	$ 0.25	$ 0.01	$ 0.04
Basic net income per share from discontinued operations	—	0.11	—	0.11
Basic net income per share	$ 0.24	$ 0.36	$ 0.01	$ 0.15
Diluted net income per share from continuing operations	$ 0.23	$ 0.25	$ 0.01	$ 0.03
Diluted net income per share from discontinued operations	—	0.10	—	0.11
Diluted net income per share	$ 0.23	$ 0.35	$ 0.01	$ 0.14
Weighted average stock options and restricted stock units excluded from calculation due to anti-dilutive effect	—	13	1	25

Concentration of Credit Risk and Significant Customers

No customer accounted for 10% or more of total net revenue in the three or six months ended January 31, 2011 or January 31, 2010. Due to the seasonality of our small business, consumer tax and personal finance offerings, at January 31, 2011 the account of one retail customer represented approximately 16% of total accounts receivable and the account of another retail customer represented approximately 13% of total accounts receivable. No customer accounted for 10% or more of total accounts receivable at July 31, 2010.

2. Fair Value Measurements

The authoritative guidance defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, we consider the principal or most advantageous market for an asset or liability and assumptions that market participants would use when pricing the asset or liability. In addition, we consider and use all valuation methods that are appropriate in estimating the fair value of an asset or liability.

The authoritative guidance establishes a fair value hierarchy that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities. In general, the authoritative guidance requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of its fair value. The three levels of input defined by the authoritative guidance are as follows:

- **Level 1** uses unadjusted quoted prices that are available in active markets for identical assets or liabilities.
- **Level 2** uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data for substantially the full term of the assets or liabilities.
- **Level 3** uses one or more significant inputs that are supported by little or no market activity and that are significant to the determination of fair value. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques and significant management judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial assets and financial liabilities that we measured at fair value on a recurring basis at the dates indicated, classified in accordance with the fair value hierarchy described above.

	January 31, 2011				July 31, 2010			
(In millions)	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Cash equivalents, primarily money market funds	$ 491	$ —	$ —	$ 491	$ 330	$ —	$ —	$ 330
Available-for-sale debt securities:								
Municipal bonds	—	357	—	357	—	1,050	—	1,050
Municipal auction rate securities	—	—	85	85	—	—	87	87
Corporate notes	—	195	—	195	—	334	—	334
U.S. agency securities	—	82	—	82	—	174	—	174
Total available-for-sale debt securities	—	634	85	719	—	1,558	87	1,645
Total assets measured at fair value on a recurring basis	$ 491	$ 634	$ 85	$ 1,210	$ 330	$ 1,558	$ 87	$ 1,975
Liabilities:								
Long-term debt (1)	$ —	$ 1,076	$ —	$ 1,076	$ —	$ 1,086	$ —	$ 1,086

(1) Carrying value on our balance sheets at January 31, 2011 and July 31, 2010 was $998 million. See Note 8.

The following table summarizes our cash equivalents and available-for-sale debt securities by balance sheet classification and level in the fair value hierarchy at the dates indicated.

(In millions)	January 31, 2011				July 31, 2010			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:								
In cash and cash equivalents	$ 329	$ —	$ —	$ 329	$ 143	$ —	$ —	$ 143
In funds held for customers	162	—	—	162	187	—	—	187
Total cash equivalents	$ 491	$ —	$ —	$ 491	$ 330	$ —	$ —	$ 330
Available-for-sale debt securities:								
In investments	$ —	$ 459	$ —	$ 459	$ —	$ 1,408	$ —	$ 1,408
In funds held for customers	—	175	—	175	—	150	—	150
In long-term investments	—	—	85	85	—	—	87	87
Total available-for-sale debt securities	$ —	$ 634	$ 85	$ 719	$ —	$ 1,558	$ 87	$ 1,645

We value our Level 1 assets, consisting primarily of money market funds, using quoted prices in active markets for identical instruments. Financial assets whose fair values we measure on a recurring basis using Level 2 inputs consist of municipal bonds, corporate notes and U.S. agency securities. We measure the fair values of these assets using quoted prices in active markets for similar instruments. Financial liabilities whose fair values we measure using Level 2 inputs consist of long-term debt. See Note 8. We measure the fair value of our long-term debt based on the trading prices of the senior notes and the interest rates we could obtain for other borrowings with similar terms. Financial assets whose fair values we measure using significant unobservable (Level 3) inputs consist of municipal auction rate securities that are no longer liquid. These securities are included in long-term investments on our balance sheets at January 31, 2011 and July 31, 2010 based on the maturities of the underlying securities. There were no significant transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the six months ended January 31, 2011.

The following table presents a reconciliation of activity for our Level 3 assets for the six months ended January 31, 2011.

(In millions)	Six Months Ended January 31, 2011
Beginning balance	$ 87
Settlements at par	(2)
Ending balance	$ 85

We estimated the fair values of these municipal auction rate securities at January 31, 2011 and July 31, 2010 using a discounted cash flow model that we prepared. Using our discounted cash flow model we determined that the fair values of the municipal auction rate securities we held at January 31, 2011 were approximately equal to their par values. As a result, we recorded no decrease in the fair values of those securities for the six months then ended. We do not intend to sell our municipal auction rate securities and it is not more likely than not that we will be required to sell them before recovery at par, which may be at maturity. Based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of our municipal auction rate securities will have a material impact on our overall ability to meet our liquidity needs.

3. Cash and Cash Equivalents, Investments and Funds Held for Customers

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 AAA-rated money market funds in all periods presented. Investments consist of available-for-sale investment-grade debt securities that we carry at fair value. Funds held for customers consist of cash and cash equivalents and available-for-sale investment-grade debt securities. Long-term investments consist primarily of municipal auction rate securities that we carry at fair value. See Note 2. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer.

The following table summarizes our cash and cash equivalents, investments and funds held for customers by balance sheet classification at the dates indicated.

	January 31, 2011		July 31, 2010	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Classification on balance sheets:				
Cash and cash equivalents	$ 433	$ 433	$ 214	$ 214
Investments	459	459	1,407	1,408
Funds held for customers	337	337	336	337
Long-term investments	89	89	91	91
Total cash and cash equivalents, investments and funds held for customers	$ 1,318	$ 1,318	$ 2,048	$ 2,050

The following table summarizes our cash and cash equivalents, investments and funds held for customers by investment category at the dates indicated.

	January 31, 2011		July 31, 2010	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Type of issue:				
Total cash and cash equivalents	$ 595	$ 595	$ 401	$ 401
Available-for-sale debt securities:				
Municipal bonds	357	357	1,049	1,050
Municipal auction rate securities	85	85	87	87
Corporate notes	194	195	333	334
U.S. agency securities	83	82	174	174
Total available-for-sale debt securities	719	719	1,643	1,645
Other long-term investments	4	4	4	4
Total cash and cash equivalents, investments and funds held for customers	$ 1,318	$ 1,318	$ 2,048	$ 2,050

We use the specific identification method to compute gains and losses on investments. We include realized gains and losses on our available-for-sale debt securities in interest and other income, net in our statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the three and six months ended January 31, 2011 and January 31, 2010 were not significant. We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income in the stockholders' equity section of our balance sheets. Gross unrealized gains and losses on our available-for-sale debt securities at January 31, 2011 and July 31, 2010 were not significant.

We periodically review our investment portfolios to determine if any investment is other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. We believe that the investments we held at January 31, 2011 were not other-than-temporarily impaired. While 84 available-for-sale debt securities had fair values that were a total of $0.9 million below amortized cost at that date, we do not intend to sell these securities and it is not more likely than not that we will be required to sell them before recovery at par, which may be at maturity. None of these securities had been in an unrealized loss position for more than 12 months at January 31, 2011. The

unrealized losses at January 31, 2011 are due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with the specific securities.

The following table summarizes our available-for-sale debt securities classified by the stated maturity date of the security at the dates indicated.

	January 31, 2011		July 31, 2010	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 232	$ 232	$ 432	$ 433
Due within two years	221	222	365	366
Due within three years	128	128	164	164
Due after three years	138	137	682	682
Total available-for-sale debt securities	$ 719	$ 719	$ 1,643	$ 1,645

Available-for-sale debt securities due after three years in the table above included $85 million in municipal auction rate securities at January 31, 2011 and $87 million in municipal auction rate securities at July 31, 2010. See Note 2. Of the remaining available-for-sale debt securities, 80% and 89% had an interest reset date, put date or mandatory call date within two years of those dates.

4. Accumulated Other Comprehensive Income

We add components of other comprehensive income, such as changes in the fair value of available-for-sale debt securities and foreign currency translation adjustments, to our net income or loss to arrive at comprehensive net income or loss. For the three and six months ended January 31, 2011 and January 31, 2010, other comprehensive income was not significant.

The balances in accumulated other comprehensive income in the equity section of our balance sheets at January 31, 2011 and July 31, 2010 consisted primarily of cumulative foreign currency translation adjustments and were not significant.

5. Business Combinations

We completed the business combinations described below during fiscal 2010. We have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition. Their results of operations for periods prior to the dates of acquisition were not material, individually or in the aggregate, when compared with our consolidated results of operations. The fair values assigned to the identifiable intangible assets acquired were based on estimates and assumptions determined by management.

Medfusion, Inc.

On May 21, 2010 we acquired privately held Medfusion, Inc. for total consideration of approximately $89 million. The total consideration included approximately $10 million for the fair value of cash retention bonuses that is being charged to expense over a three year service period. Medfusion is a provider of online patient-to-provider communication solutions and became part of our Other Businesses segment. We acquired Medfusion to expand our online healthcare offerings in support of our Connected Services strategy.

Under the acquisition method of accounting we allocated the fair value of the total consideration transferred to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We recorded the excess of consideration over the aggregate fair values as goodwill. Using information available at the time the acquisition closed, we allocated approximately $8 million of the consideration to net tangible liabilities and approximately $23 million of the consideration to identified intangible assets. We recorded the excess consideration of approximately $62 million as goodwill, none of which is deductible for income tax purposes. The identified intangible assets are being amortized over a weighted average life of six years.

Mint Software Inc.

On November 2, 2009 we acquired all of the outstanding equity interests of Mint Software Inc. for total consideration of approximately $170 million. The total consideration included approximately $24 million for cash retention bonuses and the fair value of assumed equity awards and Intuit common stock issued to the holder of Mint Series D Preferred Stock. The total of $24 million is being charged to expense over a three year service period. Mint is a provider of online personal finance services and became part of our Other Businesses segment. We acquired Mint to expand our online personal finance offerings in support of our Connected Services strategy.

Under the acquisition method of accounting we allocated the fair value of the total consideration transferred to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. The fair values assigned to identifiable intangible assets acquired were based on estimates and assumptions determined by management. We recorded the excess of consideration over the aggregate fair values as goodwill. Using information available at the time the acquisition closed, we allocated approximately $1 million of the consideration to tangible assets and liabilities and approximately $43 million of the consideration to identified intangible assets. We recorded the excess consideration of approximately $102 million as goodwill, none of which is deductible for income tax purposes. The identified intangible assets are being amortized over a weighted average life of seven years.

6. Discontinued Operations

On January 15, 2010 we sold our Intuit Real Estate Solutions (IRES) business for approximately $128 million in cash and recorded a net gain on disposal of $35 million. The decision to sell IRES was a result of management's desire to focus resources on Intuit's core products and services. IRES was part of our Other Businesses segment.

We accounted for IRES as a discontinued operation and have therefore segregated the operating results of IRES from continuing operations in our statements of operations for all periods prior to the sale. For the three months ended January 31, 2010, net revenue from IRES was $14 million and net loss from IRES was $1 million, excluding the net gain on disposal. For the six months ended January 31, 2010, net revenue from IRES was $33 million and net income from IRES was less than $1 million, excluding the net gain on disposal. Because IRES operating cash flows were not material for any period presented, we have not segregated them from continuing operations on our statements of cash flows.

7. Current Liabilities

Unsecured Revolving Credit Facility

On March 22, 2007 we entered into an agreement with certain institutional lenders for a $500 million unsecured revolving credit facility that will expire on March 22, 2012. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. The applicable interest rate will be increased by 0.05% for any period in which the total principal amount of advances and letters of credit under the credit facility exceeds $250 million. The agreement includes covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00. We were in compliance with these covenants at January 31, 2011. We may use amounts borrowed under this credit facility for general corporate purposes or for future acquisitions or expansion of our business. To date we have not borrowed under this credit facility.

Other Current Liabilities

Other current liabilities were as follows at the dates indicated:

(In millions)	January 31, 2011	July 31, 2010
Reserve for product returns	$ 86	$ 20
Reserve for rebates	50	11
Current portion of license fee payable	10	10
Current portion of deferred rent	7	7
Interest payable	21	21
Executive deferred compensation plan liabilities	51	43
Other	31	22
Total other current liabilities	$ 256	$ 134

The balances of several of our other current liabilities, particularly our reserves for product returns and rebates, are affected by the seasonality of our business. See Note 1, *"Seasonality."*

8. Long-Term Obligations and Commitments

Long-Term Debt

On March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 and $500 million of 5.75% senior unsecured notes due on March 15, 2017 (together, the Notes), for a total principal amount of $1 billion. We carried the Notes at face value less the unamortized discount of $2 million on our balance sheets at January 31, 2011 and July 31, 2010. The Notes are redeemable by Intuit at any time, subject to a make-whole premium. The Notes include covenants that limit our ability to grant liens on our facilities and to enter into sale and leaseback transactions, subject to significant allowances. We paid $28 million in cash for interest on the Notes during the six months ended January 31, 2011 and January 31, 2010.

Other Long-Term Obligations

Other long-term obligations were as follows at the dates indicated:

(In millions)	January 31, 2011	July 31, 2010
Total license fee payable	$ 68	$ 65
Total deferred rent	56	60
Long-term deferred revenue	37	29
Long-term income tax liabilities	41	20
Long-term payables	19	—
Other	2	3
Total long-term obligations	223	177
Less current portion (included in other current liabilities)	(18)	(19)
Long-term obligations due after one year	$ 205	$ 158

Operating Lease Commitments

We lease office facilities and equipment under various operating lease agreements. Our facilities leases generally provide for periodic rent increases and many contain escalation clauses and renewal options. Certain leases require us to pay property taxes, insurance and routine maintenance. Annual minimum commitments under all of these leases are shown in the table below.

(In millions)	Operating Lease Commitments
Annual periods ending January 31,	
2012	$ 54
2013	49
2014	45
2015	43
2016	42
Thereafter	232
Total operating lease commitments	$ 465

Included in the table above are two agreements that we signed in January 2011 that extend the terms of Intuit's leases for its corporate headquarters office space in Mountain View, California through 2024 and 2026. The total expected rent through the end of those terms is approximately $210 million, with options to further extend the leases for ten years at rates to be determined in accordance with the agreements.

Unconditional Purchase Obligations

In the ordinary course of business we enter into certain unconditional purchase obligations with our suppliers. These are agreements to purchase products and services that are enforceable, legally binding, and specify terms that include fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments. At January 31, 2011, our unconditional purchase obligations totaled approximately $281 million. The largest of these commitments relates to future outsourced electronic payment fulfillment and bill management services for our Financial Services segment.

9. Income Taxes

Effective Tax Rate

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and other taxable items. Our effective tax rate for the three months ended January 31, 2011 was approximately 28%. Excluding discrete tax benefits primarily related to the retroactive reinstatement of the federal research and experimentation credit as described below, our effective tax rate for that quarter was approximately 36% and did not differ significantly from the statutory rate of 35%. State income taxes were substantially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit. Our effective tax rate for the three months ended January 31, 2010 was approximately 37%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

We recorded a $12 million tax benefit on a loss of $9 million for the six months ended January 31, 2011. Excluding discrete tax benefits primarily related to the retroactive reinstatement of the federal research and experimentation credit as described below, our effective tax rate for that period was approximately 36% and did not differ significantly from the statutory rate of 35%. State income taxes were substantially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit. Our effective tax rate for the six months ended January 31, 2010 was approximately 27%. Excluding discrete tax benefits primarily related to routine stock option deduction benefits, our effective tax rate for that period was approximately 37%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially

offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

In December 2010 the Tax Relief, Unemployment Insurance Reauthorization, and Jobs Creation Act of 2010 was signed into law. The Act includes a reinstatement of the federal research and experimentation credit through December 31, 2011 that was retroactive to January 1, 2010. We recorded a discrete tax benefit of approximately $9 million for the retroactive amount related to fiscal 2010 and the first quarter of fiscal 2011 during the three months ended January 31, 2011.

Unrecognized Tax Benefits and Other Considerations

The total amount of our unrecognized tax benefits at July 31, 2010 was $35 million. Net of related deferred tax assets, unrecognized tax benefits were $30 million at that date. If we were to recognize these net benefits, our income tax expense would reflect a favorable net impact of $30 million. There were no material changes to these amounts during the six months ended January 31, 2011. We do not believe that it is reasonably possible that there will be a significant increase or decrease in our unrecognized tax benefits over the next 12 months.

10. Stockholders' Equity

Stock Repurchase Programs

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. We repurchased 18.5 million shares for $860 million under these programs during the six months ended January 31, 2011 and 18.8 million shares for $550 million under these programs during the six months ended January 31, 2010. At January 31, 2011, we had authorization from our Board of Directors to expend up to an additional $1.14 billion for stock repurchases through August 16, 2013.

To facilitate the stock repurchase program described above, from time to time we repurchase shares in the open market. On January 3, 2011 we entered into an accelerated share repurchase (ASR) agreement with a large financial institution to repurchase $250 million of Intuit's common stock on an accelerated basis. We entered into this ASR agreement in order to repurchase shares at a guaranteed discount from the average price of our stock over a specified period of time. We had the contractual right to cancel the ASR agreement without any financial or other obligation at any time prior to February 2, 2011. On February 2, 2011 we paid $250 million to the financial institution and received an initial delivery of 4.2 million shares of Intuit common stock. The total number of shares to be delivered generally will be determined by applying an agreed discount to the average of the daily volume weighted average price of Intuit common shares traded during the pricing period. The pricing period is scheduled to end in April 2011, but it may conclude sooner at the election of the financial institution. If the total number of shares to be delivered exceeds the number of shares delivered on February 2, 2011, we will receive the remaining balance of shares from the financial institution. Based on the current trading prices of our common stock, we expect to receive additional shares. If the total number of shares to be delivered is less than the number of shares delivered on February 2, 2011, we have the contractual right to deliver to the financial institution either shares of Intuit common stock or cash equal to the value of those shares. We will reflect the shares delivered to us by the financial institution as treasury shares as of the dates they are physically delivered in computing weighted average shares outstanding for both basic and diluted net income per share.

Repurchased shares of our common stock are held as treasury shares until they are reissued or retired. When we reissue treasury stock, 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.

Share-Based Compensation Expense

The following table summarizes the total share-based compensation expense that we recorded for the periods shown.

(In millions, except per share amounts)	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010	Six Months Ended January 31, 2011	Six Months Ended January 31, 2010
Cost of revenue	$ 2	$ 3	$ 3	$ 5
Selling and marketing	12	12	21	19
Research and development	12	11	25	20
General and administrative	12	11	24	20
Discontinued operations	—	1	—	1
Total share-based compensation expense	38	38	73	65
Income tax benefit	(13)	(13)	(25)	(23)
Decrease in net income	$ 25	$ 25	$ 48	$ 42
Decrease in net income per share:				
Basic	$ 0.08	$ 0.08	$ 0.15	$ 0.13
Diluted	$ 0.08	$ 0.08	$ 0.15	$ 0.13

Stock Option Activity and Related Share-Based Compensation Expense

A summary of activity under all share-based compensation plans for the six months ended January 31, 2011 was as follows:

(Shares in thousands)	Shares Available for Grant	Options Outstanding: Number of Shares	Options Outstanding: Weighted Average Exercise Price Per Share
Balance at July 31, 2010	**8,761**	**32,593**	**$ 28.45**
Additional shares authorized	31,000	—	—
Options granted	(530)	530	45.36
Restricted stock units granted (2)	(718)	—	—
Options exercised	—	(7,773)	26.25
Options canceled or expired (1)	515	(549)	30.02
Restricted stock units forfeited (1)(2)	746	—	—
Balance at January 31, 2011	**39,774**	**24,801**	**$ 29.47**
Exercisable at January 31, 2011		**14,977**	**$ 26.70**

(1) Stock options and restricted stock units canceled, expired or forfeited under our 2005 Equity Incentive Plan are returned to the pool of shares available for grant. Stock options and restricted stock units canceled, expired or forfeited under older expired plans are not returned to the pool of shares available for grant.

(2) Under the terms of our 2005 Equity Incentive Plan as amended on January 19, 2011, RSUs granted from the pool of shares available for grant on or after November 1, 2010 reduce the pool by 2.3 shares for each share granted. RSUs forfeited and returned to the pool of shares available for grant increase the pool by 2.3 shares for each share forfeited.

At January 31, 2011, there was approximately $72 million of unrecognized compensation cost related to non-vested stock options that we expect to recognize as expense in the future. We will adjust unrecognized compensation cost

for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.0 years.

Restricted Stock Unit Activity and Related Share-Based Compensation Expense

A summary of restricted stock unit activity for the six months ended January 31, 2011 was as follows:

	Restricted Stock Units	
(Shares in thousands)	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at July 31, 2010	**11,531**	**$ 30.93**
Granted	471	40.13
Vested	(2,228)	28.37
Forfeited	(488)	30.68
Nonvested at January 31, 2011	**9,286**	**$ 32.02**

At January 31, 2011, there was approximately $167 million of unrecognized compensation cost related to non-vested RSUs and restricted stock that we expect to recognize as expense in the future. We will adjust unrecognized compensation cost for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.1 years.

11. Litigation

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, including assertions that we may be infringing patents or other intellectual property rights of others. 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 cash flows. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, negative publicity, diversion of management resources and other factors. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect our business.

12. Segment Information

We have defined seven reportable segments 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 and our Chief Financial Officer. Our chief operating decision maker organizes and manages our business primarily on the basis of product and service offerings.

All of our business segments except Other Businesses operate primarily in the United States and sell primarily to customers in the United States. International total net revenue was less than 5% of consolidated total net revenue for all periods presented.

We include expenses such as corporate selling and marketing, product development, and general and administrative expenses and share-based compensation expenses that are not allocated to specific segments in unallocated corporate items. Unallocated corporate items also include amortization of acquired technology and amortization of other acquired intangible assets.

The accounting policies of our reportable segments are the same as those described in the summary of significant accounting policies in Note 1 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2010. Except for goodwill and purchased intangible assets, we do not generally track assets by reportable segment and, consequently, we do not disclose total assets by reportable segment.

The following table shows our financial results by reportable segment for the periods indicated. Results for our Other Businesses segment for the three and six months ended January 31, 2010 have been adjusted to exclude results for our Intuit Real Estate Solutions business, which we sold in January 2010. See Note 6.

(In millions)	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010	Six Months Ended January 31, 2011	Six Months Ended January 31, 2010
Net revenue:				
Financial Management Solutions	$ 187	$ 154	$ 341	$ 288
Employee Management Solutions	116	105	223	202
Payment Solutions	85	79	165	154
Consumer Tax	205	218	234	240
Accounting Professionals	122	124	147	146
Financial Services	84	82	165	162
Other Businesses	79	75	135	119
Total net revenue	$ 878	$ 837	$ 1,410	$ 1,311
Operating income:				
Financial Management Solutions	$ 60	$ 37	$ 93	$ 62
Employee Management Solutions	63	61	127	117
Payment Solutions	12	22	24	35
Consumer Tax	53	88	24	57
Accounting Professionals	70	77	54	62
Financial Services	22	20	37	39
Other Businesses	16	22	17	25
Total segment operating income	296	327	376	397
Unallocated corporate items:				
Share-based compensation expense	(38)	(37)	(73)	(64)
Other common expenses	(131)	(124)	(265)	(235)
Amortization of acquired technology	(5)	(16)	(9)	(38)
Amortization of other acquired intangible assets	(11)	(11)	(22)	(21)
Total unallocated corporate items	(185)	(188)	(369)	(358)
Total operating income from continuing operations	$ 111	$ 139	$ 7	$ 39

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) includes the following sections:

- Executive Overview that discusses at a high level our operating results and some of the trends that affect our business.
- Significant changes since our most recent Annual Report on Form 10-K in the Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments underlying our financial statements.
- Results of Operations that includes a more detailed discussion of our revenue and expenses.
- Liquidity and Capital Resources which discusses key aspects of our statements of cash flows, changes in our balance sheets, and our financial commitments.

You should note that this MD&A discussion contains forward-looking statements that involve risks and uncertainties. Please see Item 1A in Part II of this Quarterly Report on Form 10-Q for important information to consider when evaluating such statements.

You should read this MD&A in conjunction with the financial statements and related notes in Part I, Item 1 of this report and our Annual Report on Form 10-K for the fiscal year ended July 31, 2010. In November 2009 we acquired Mint Software Inc. for total consideration of approximately $170 million and in May 2010 we acquired Medfusion, Inc. for total consideration of approximately $89 million. We have included the results of operations for Mint and Medfusion in our consolidated results of operations from their respective dates of acquisition. In January 2010 we sold our Intuit Real Estate Solutions (IRES) business. We have reclassified our financial statements for all periods prior to the sale to reflect IRES as discontinued operations. Unless noted otherwise, the following discussion pertains to our continuing operations.

Executive Overview

This overview provides a high level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results for the first six months of fiscal 2011 as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Quarterly Report on Form 10-Q.

About Intuit

Intuit is a leading provider of business and financial management solutions for small and medium-sized businesses, consumers, accounting professionals and financial institutions. We organize our portfolio of businesses into four principal categories — Small Business Group, Tax, Financial Services and Other Businesses. These categories include seven financial reporting segments.

Small Business Group: This category includes three segments — Financial Management Solutions, Employee Management Solutions, and Payment Solutions.

- Our Financial Management Solutions segment includes QuickBooks financial and business management software and services; technical support; financial supplies; and Intuit Websites, which provides website design and hosting services for small and medium-sized businesses.
- Our Employee Management Solutions segment provides payroll products and services for small businesses.
- Our Payment Solutions segment provides merchant services for small businesses, including credit and debit card processing, electronic check conversion and automated clearing house services.

Tax: This category includes two segments — Consumer Tax and Accounting Professionals.

- Our Consumer Tax segment includes TurboTax income tax preparation products and services for consumers and small businesses.

- Our Accounting Professionals segment includes ProSeries and Lacerte professional tax products and services. This segment also includes QuickBooks Premier Accountant Edition and the QuickBooks ProAdvisor Program for accounting professionals.

Financial Services: This segment consists primarily of outsourced online services for banks and credit unions provided by our Intuit Financial Services business. These include comprehensive online financial management solutions for consumers and businesses.

Other Businesses: This segment includes Quicken personal finance products and services; Mint.com online personal finance services; Intuit Health online patient-to-provider communication solutions; and our businesses in Canada and the United Kingdom.

Seasonality and Trends

Our QuickBooks, Consumer Tax and Accounting Professionals businesses are highly seasonal. Revenue from our QuickBooks software products tends to be highest during our second and third fiscal quarters. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. In our Consumer Tax business, a greater proportion of our revenue has been occurring later in this seasonal period due in part to the growth in sales of TurboTax Online, for which revenue is recognized upon printing or electronic filing of a tax return. The seasonality of our Consumer Tax and Accounting Professionals revenue is also affected by the timing of the availability of tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions. Delays in the availability of tax forms or the ability of taxing agencies to receive submissions can cause revenue to shift from our second fiscal quarter to our third fiscal quarter. These seasonal patterns mean that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while operating expenses continue at relatively consistent levels. We believe the seasonality of our revenue is likely to continue in the future. In our MD&A we often focus on year-to-date results for our seasonal businesses as they are generally more meaningful than quarterly results.

Overview of Financial Results

Total net revenue for the first half of fiscal 2011 was $1.4 billion, an increase of 8% compared with the same period of fiscal 2010. Nearly all of the revenue growth for the first half of fiscal 2011 came from our Small Business Group, which increased revenue by 13% compared with the same period a year ago. In January 2011 the Internal Revenue Service announced that it would not be accepting certain electronically filed income tax returns until mid-February. As a result, we believe that taxpayers delayed filing their tax returns, which shifted Consumer Tax revenue from the second quarter of fiscal 2011 to the third quarter of fiscal 2011. Operating income decreased 82% in the first half of fiscal 2011 compared with the same period of fiscal 2010 due to this tax revenue shift and to higher costs and expenses. Higher costs and expenses included the addition of costs and expenses for acquired businesses, higher spending for staffing expenses and marketing programs, and higher share-based compensation expense. Net income from continuing operations decreased 73% in the first half of fiscal 2011 compared with the same period of fiscal 2010. Including certain discrete tax benefits, we recorded a tax benefit of $12 million on a pre-tax loss of $9 million in the first half of fiscal 2011 and our effective tax rate for the first half of fiscal 2010 was approximately 27%. Due to all of the foregoing factors, diluted net income per share from continuing operations of $0.01 for the first half of fiscal 2011 decreased 67% compared with the same period of fiscal 2010.

We ended the first half of fiscal 2011 with cash, cash equivalents and investments totaling $892 million. At that date we also held $85 million in municipal auction rate securities that we classified as long-term investments. In the first half of fiscal 2011 we generated cash from operations, from net sales of investments and from the issuance of common stock under employee stock plans. During the same period we used cash for the repurchase of shares of our common stock under our stock repurchase programs and for capital expenditures. At January 31, 2011, we had authorization from our Board of Directors to expend up to an additional $1.14 billion for stock repurchases through August 16, 2013.

Critical Accounting Policies and Estimates

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 in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2010 have the greatest potential impact on our financial statements, so we consider them to be our critical accounting policies and estimates. Except for the changes to our critical accounting policies and estimates discussed below, we believe that there were no significant changes in those critical accounting policies and estimates during the first six months of fiscal 2011. Senior management has reviewed the development and selection of our critical accounting policies and estimates and their disclosure in this Quarterly Report on Form 10-Q with the Audit and Risk Committee of our Board of Directors.

Multiple-Deliverable Revenue Arrangements

On August 1, 2010 we adopted new accounting guidance for multiple-deliverable revenue arrangements that are outside the scope of industry-specific software revenue recognition guidance on a prospective basis. This guidance amends the criteria for allocating consideration in multiple-deliverable revenue arrangements by establishing a selling price hierarchy. The selling price used for each deliverable will be based on vendor-specific objective evidence (VSOE) if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE is available. See Note 1 to the financial statements in Part I, Item 1 of this report for more information. We regularly review VSOE, TPE, and ESP and maintain internal controls over the establishment and updates of these estimates.

When we are unable to establish selling price using VSOE or TPE, we use ESP in our allocation of arrangement consideration. ESP is a more subjective measure than either VSOE or TPE, and determining ESP requires significant judgment. We determine ESP for a product or service by considering multiple factors including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices.

Results of Operations

Financial Overview

(Dollars in millions, except per share amounts)	Q2 FY11	Q2 FY10	$ Change	% Change	YTD Q2 FY11	YTD Q2 FY10	$ Change	% Change
Total net revenue	$ 878	$ 837	$ 41	5%	$1,410	$1,311	$ 99	8%
Operating income from continuing operations	111	139	(28)	(20%)	7	39	(32)	(82%)
Net income from continuing operations	73	80	(7)	(9%)	3	11	(8)	(73%)
Diluted net income per share from continuing operations	$0.23	$0.25	$(0.02)	(8%)	$ 0.01	$ 0.03	$(0.02)	(67%)

Current Fiscal Quarter

Total net revenue increased $41 million or 5% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010. In our Small Business Group, revenue was up 15%. Financial Management Solutions segment revenue increased 21% due to higher QuickBooks desktop revenue that was driven by higher average selling prices, and growth in QuickBooks Online, Intuit Websites and QuickBooks Enterprise customers. Employee Management Solutions segment revenue increased 11% due to favorable offering mix, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. Payment Solutions segment revenue increased 7% due to growth in the merchant customer base and slightly higher charge volume per merchant. In our Consumer Tax business, we believe that revenue shifted from the second quarter of fiscal 2011 to the third quarter of fiscal 2011 as discussed in *"Overview of Financial Results"* above. Financial Services segment revenue increased 3% due to growth in bill-pay revenue partially offset by the effect of the sale of that segment's lending business in the fourth quarter of fiscal 2010. Other Businesses segment revenue increased 5% due to our fiscal 2010 acquisitions of Mint and Medfusion and, to a lesser extent, the favorable impact of foreign currency exchange rates.

Operating income from continuing operations decreased 20% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010. Operating income for the quarter was substantially affected by the tax revenue shift discussed in *"Overview of Financial Results"* above. Cost of revenue as a percent of revenue was stable. The effect

of the tax revenue shift described above was offset by cost efficiencies in our desktop product lines and $11 million lower amortization expense for acquired intangible assets. Total operating expenses were $67 million higher in the fiscal 2011 quarter, including about $29 million for higher marketing program expenses in our Small Business Group and our Consumer Tax segment, about $21 million for higher staffing expenses, and about $9 million for operating expenses for Mint and Medfusion. See *"Cost of Revenue"* and *"Operating Expenses"* later in this Item 2 for more information.

Net income from continuing operations decreased 9% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010. Including certain discrete tax benefits, our effective tax rate for the second quarter of fiscal 2011 was approximately 28%. Our effective tax rate for the second quarter of fiscal 2010 was approximately 37%. See *"Income Taxes"* later in this Item 2 for more information about our effective tax rates for these periods.

Due to all of the foregoing factors, diluted net income per share from continuing operations of $0.23 in the second quarter of fiscal 2011 decreased 8% compared with $0.25 in the same quarter of fiscal 2010.

Fiscal Year to Date

Total net revenue increased $99 million or 8% in the first half of fiscal 2011 compared with the same period of fiscal 2010. In our Small Business Group, revenue was up 13%. Financial Management Solutions segment revenue increased 18% due to higher QuickBooks desktop revenue that was driven by higher average selling prices, and growth in QuickBooks Online, Intuit Websites and QuickBooks Enterprise customers. Employee Management Solutions segment revenue increased 11% due to favorable offering mix, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. Payment Solutions segment revenue increased 7% due to growth in the merchant customer base that was partially offset by slightly lower charge volume per merchant. In our Consumer Tax business, we believe that revenue shifted from the second quarter of fiscal 2011 to the third quarter of fiscal 2011 as discussed in *"Overview of Financial Results"* above. Financial Services segment revenue increased 2% due to growth in bill-pay revenue partially offset by the effect of the sale of that segment's lending business in the fourth quarter of fiscal 2010. Other Businesses segment revenue increased 13% due to strong performance in our Canadian and United Kingdom small business offerings and our fiscal 2010 acquisitions of Mint and Medfusion.

Operating income from continuing operations decreased 82% in the first half of fiscal 2011 compared with the same period of fiscal 2010. Operating income for the period was substantially affected by the tax revenue shift discussed in *"Overview of Financial Results"* above. Cost of revenue as a percent of revenue decreased slightly due to cost efficiencies, economies of scale, and $29 million lower amortization expense for acquired intangible assets. Total operating expenses were $136 million higher in the fiscal 2011 period, including about $42 million for higher staffing expenses, about $39 million for higher marketing program expenses in our Small Business Group and our Consumer Tax segment, about $24 million due to operating expenses for Mint and Medfusion, and about $11 million for higher share-based compensation expense. See *"Cost of Revenue"* and *"Operating Expenses"* later in this Item 2 for more information.

Net income from continuing operations decreased 73% in the first half of fiscal 2011 compared with the same period of fiscal 2010. Including certain discrete tax benefits, we recorded a tax benefit of $12 million on a pre-tax loss of $9 million in the first half of fiscal 2011 and our effective tax rate for the first half of fiscal 2010 was approximately 27%. See *"Income Taxes"* later in this Item 2 for more information about our effective tax rates for these periods.

Due to all of the foregoing factors, diluted net income per share from continuing operations of $0.01 in the first half of fiscal 2011 decreased 67% compared with $0.03 in the same period of fiscal 2010.

Business Segment Results

The information below is organized in accordance with our seven reportable business segments. Results for our Other Businesses segment for the three and six months ended January 31, 2010 have been adjusted to exclude results for our Intuit Real Estate Solutions business, which we sold in January 2010. See Note 6 to the financial statements in Part 1, Item 1 of this report for more information.

Segment operating income or loss is segment net revenue less segment cost of revenue and operating expenses. See *"Executive Overview — Seasonality and Trends"* earlier in this Item 2 for a description of the seasonality of our business. Segment expenses do not include certain costs, such as corporate selling and marketing, product

development, and general and administrative expenses and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled $338 million in the first half of fiscal 2011 and $299 million in the first half of fiscal 2010. Unallocated costs increased in the first six months of fiscal 2011 compared with the same period of fiscal 2010 due to increases in corporate selling and marketing expenses in support of the growth of our businesses and increases in share-based compensation expense.

Segment expenses also do not include amortization of acquired technology and amortization of other acquired intangible assets. See Note 12 to the financial statements in Part I, Item 1 of this report for reconciliations of total segment operating income or loss to consolidated operating income or loss for each fiscal period presented.

We calculate revenue growth rates and segment operating margin figures using dollars in thousands. Those results may vary from figures calculated using the dollars in millions presented below.

Financial Management Solutions

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 115	$ 101		$ 199	$ 185	
Service and other revenue	72	53		142	103	
Total segment revenue	$ 187	$ 154	21%	$ 341	$ 288	18%
% of total revenue	21%	18%		24%	22%	
Segment operating income	$ 60	$ 37	64%	$ 93	$ 62	53%
% of related revenue	32%	24%		27%	21%	

Financial Management Solutions (FMS) product revenue is derived primarily from QuickBooks desktop software products and financial supplies such as paper checks, envelopes, invoices, business cards and business stationery. FMS service and other revenue is derived primarily from QuickBooks Online; QuickBooks support plans; Intuit Websites, which provides website design and hosting services for small and medium-sized businesses; QuickBase; and royalties from small business online services.

FMS total net revenue increased $33 million or 21% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010 and increased $53 million or 18% in the first half of fiscal 2011 compared with the same period of fiscal 2010. Higher FMS revenue in those periods was driven by strong growth in QuickBooks desktop, QuickBooks Online, Intuit Websites and QuickBooks Enterprise revenue. Higher average selling prices for the QuickBooks business more than offset a 13% decline in total QuickBooks software units for the first half of fiscal 2011. We offered promotional discounts on QuickBooks in the second quarter and first half of fiscal 2010 that generated strong unit growth in those periods. In addition, revenue from the Online and Enterprise versions of QuickBooks grew significantly faster than revenue for desktop, contributing to higher average selling prices for the combined QuickBooks business in both periods. Customer growth drove higher revenue in Intuit Websites for the first half of fiscal 2011.

FMS segment operating income as a percentage of related revenue increased to 32% in the second quarter of fiscal 2011 from 24% in the same quarter of fiscal 2010 and increased to 27% in the first half of fiscal 2011 from 21% in the same period of fiscal 2010. Operating income increased in the first half of fiscal 2011 due to the increases in revenue described above partially offset by about $20 million in higher expenses for advertising and other marketing programs and, to a lesser extent, higher cost of revenue associated with revenue growth.

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Employee Management Solutions

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 64	$ 60		$ 127	$ 120	
Service and other revenue	52	45		96	82	
Total segment revenue	$ 116	$ 105	11%	$ 223	$ 202	11%
% of total revenue	13%	13%		16%	16%	
Segment operating income	$ 63	$ 61	3%	$ 127	$ 117	8%
% of related revenue	54%	58%		57%	58%	

Employee Management Solutions (EMS) product revenue is derived primarily from QuickBooks Basic Payroll and QuickBooks Enhanced Payroll, which are products sold on a subscription basis that offer payroll tax tables, payroll reports, federal and state payroll tax forms, and electronic tax payment and filing to small businesses that prepare their own payrolls. EMS service and other revenue is derived from QuickBooks Online Payroll, Intuit Online Payroll, fees for payroll direct deposit services, and other small business payroll and employee management services. Service and other revenue for this segment also includes interest earned on funds held for customers.

EMS total net revenue increased $11 million or 11% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010 and $21 million or 11% in the first half of fiscal 2011 compared with the same period of fiscal 2010. Revenue was higher in the fiscal 2011 periods due to more customers choosing our online payroll and enhanced desktop payroll solutions, improved customer adoption of payroll direct deposit services, and price increases for desktop payroll customers. Total payroll customers were flat at January 31, 2011 while online payroll customers were 14% higher compared with January 31, 2010.

EMS segment operating income as a percentage of related revenue decreased to 54% in the second quarter of fiscal 2011 from 58% in the same quarter of fiscal 2010 and decreased slightly to 57% in the first half of fiscal 2011 from 58% in the same period of fiscal 2011. Revenue growth as described above was partially offset by higher cost of revenue associated with revenue mix.

Payment Solutions

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 8	$ 9		$ 16	$ 16	
Service and other revenue	77	70		149	138	
Total segment revenue	$ 85	$ 79	7%	$ 165	$ 154	7%
% of total revenue	10%	9%		12%	12%	
Segment operating income	$ 12	$ 22	-43%	$ 24	$ 35	-28%
% of related revenue	15%	27%		15%	22%	

Payment Solutions product revenue is derived primarily from Point of Sale solutions. Payment Solutions service and other revenue is derived primarily from merchant services for small businesses that include credit card, debit card, electronic benefits, and gift card processing services; check verification, check guarantee and electronic check

conversion, including automated clearing house (ACH) and Check21 capabilities; and Web-based transaction processing services for online merchants.

Payment Solutions total net revenue increased $6 million or 7% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010 and increased $11 million or 7% in the first half of fiscal 2011 compared with the same period of fiscal 2010. The increases were driven by 14% growth in the merchant customer base that was partially offset by 1% lower transaction volume per merchant for the first half of fiscal 2011.

Payment Solutions segment operating income as a percentage of related revenue decreased to 15% in the second quarter of fiscal 2011 from 27% in the same quarter of fiscal 2010 and decreased to 15% in the first half of fiscal 2011 from 22% in the same period of fiscal 2010. In the fiscal 2011 periods, operating income declined due to higher cost of revenue associated with customer mix and higher expenses for advertising and other marketing programs, which more than offset the increases in revenue described above.

Consumer Tax

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 77	$ 82		$ 86	$ 90	
Service and other revenue	128	136		148	150	
Total segment revenue	$ 205	$ 218	-6%	$ 234	$ 240	-2%
% of total revenue	23%	26%		17%	18%	
Segment operating income	$ 53	$ 88	-40%	$ 24	$ 57	-59%
% of related revenue	26%	40%		10%	24%	

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer and small business desktop tax return preparation software. Consumer Tax service and other revenue is derived primarily from TurboTax Online tax return preparation services and electronic tax filing services. Due to the seasonal nature of our Consumer Tax business, we will not have substantially complete results for the 2010 tax season until the third quarter of fiscal 2011.

Consumer Tax total net revenue decreased $6 million or 2% in the first half of fiscal 2011 compared with the same period of fiscal 2010. In January 2011 the Internal Revenue Service announced that it would not be accepting certain electronically filed income tax returns until mid-February. As a result, we believe that taxpayers delayed filing their tax returns, which shifted revenue from the second quarter of fiscal 2011 to the third quarter of fiscal 2011.

Consumer Tax segment operating income as a percentage of related revenue decreased to 10% in the first half of fiscal 2011 from 24% in the same period of fiscal 2010 due to the tax revenue shift described above and about $16 million in higher expenses for advertising and other marketing programs.

Accounting Professionals

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 117	$ 119		$ 137	$ 138	
Service and other revenue	5	5		10	8	
Total segment revenue	$ 122	$ 124	-2%	$ 147	$ 146	1%
% of total revenue	14%	15%		10%	11%	
Segment operating income	$ 70	$ 77	-9%	$ 54	$ 62	-14%
% of related revenue	57%	62%		37%	43%	

Accounting Professionals product revenue is derived primarily from ProSeries and Lacerte professional tax preparation software products and from QuickBooks Premier Accountant Edition and ProAdvisor Program for professional accountants. Accounting Professionals service and other revenue is derived primarily from electronic tax filing services, bank product transmission services and training services. Due to the seasonal nature of our Accounting Professionals business, we will not have substantially complete results for the 2010 tax season until the third quarter of fiscal 2011.

Accounting Professionals total net revenue was flat in the first half of fiscal 2011 compared with the same period of fiscal 2010. Revenue in this segment is less sensitive to the timing of tax return filings than in our Consumer Tax segment, so we believe that the impact of the Internal Revenue Service decision not to accept certain electronically filed income tax returns until mid-February had only a modest impact on Accounting Professionals revenue for the first half of fiscal 2011.

Accounting Professionals segment operating income as a percentage of related revenue decreased to 37% in the first half of fiscal 2011 from 43% in the same period of fiscal 2010. Revenue for the fiscal 2011 period was flat while staffing expenses and other operating expenses increased modestly.

Financial Services

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ —	$ —		$ —	$ —	
Service and other revenue	84	82		165	162	
Total segment revenue	$ 84	$ 82	3%	$ 165	$ 162	2%
% of total revenue	10%	10%		12%	12%	
Segment operating income	$ 22	$ 20	7%	$ 37	$ 39	-6%
% of related revenue	26%	25%		22%	24%	

Financial Services service and other revenue is derived primarily from outsourced online banking software products that are hosted in our data centers and delivered as on-demand service offerings to medium-sized banks and credit unions.

Financial Services total net revenue increased $2 million or 3% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010 and increased $3 million or 2% in the first half of fiscal 2011 compared with the

same period of fiscal 2010. Revenue growth in the fiscal 2011 periods was driven by higher bill-pay revenue, partially offset by the effect of the sale of this segment's lending business in the fourth quarter of fiscal 2010. Revenue from the lending business was less than $10 million for all of fiscal 2010. Bill-pay revenue grew due to a 23% increase in bill-pay end users and higher transaction volumes for the first half of fiscal 2011. Continuing price compression that resulted in lower revenue per user partially offset growth in the bill-pay end user customer base.

Financial Services segment operating income as a percentage of related revenue increased slightly to 26% in the second quarter of fiscal 2011 from 25% in the same quarter of fiscal 2010 but decreased to 22% in the first half of fiscal 2011 from 24% the same period of fiscal 2010 due to higher staffing expenses that more than offset higher revenue.

Other Businesses

(Dollars in millions)	Q2 FY11	Q2 FY10	% Change	YTD Q2 FY11	YTD Q2 FY10	% Change
Product revenue	$ 49	$ 51		$ 81	$ 78	
Service and other revenue	30	24		54	41	
Total segment revenue	$ 79	$ 75	5%	$ 135	$ 119	13%
% of total revenue	9%	9%		9%	9%	
Segment operating income	$ 16	$ 22	-31%	$ 17	$ 25	-33%
% of related revenue	20%	30%		12%	21%	

Other Businesses consist primarily of Quicken, Mint.com, Intuit Health, and our businesses in Canada and the United Kingdom. Quicken product revenue is derived primarily from Quicken desktop software products. Quicken service and other revenue is derived primarily from Quicken Online, fees from consumer online transactions, and Quicken Loans trademark royalties. Mint.com service revenue is derived primarily from lead generation fees. Intuit Health service revenue is derived from online patient-to-provider communication services. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as consumer desktop tax return preparation software and professional tax preparation products. Service revenue in Canada consists primarily of revenue from payroll services and QuickBooks support plans. In the United Kingdom, product revenue is derived primarily from localized versions of QuickBooks and QuickBooks Payroll.

Other Businesses total net revenue increased $4 million or 5% in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010 due to our fiscal 2010 acquisitions of Mint and Medfusion and the favorable impact of foreign currency exchange rates. Other Businesses total net revenue increased $16 million or 13% in the first half of fiscal 2011 compared with the same period of fiscal 2010 due to strong performance in our Canadian and United Kingdom small business offerings and our fiscal 2010 acquisitions of Mint and Medfusion.

Other Businesses segment operating income as a percentage of related revenue decreased to 20% in the second quarter of fiscal 2011 from 30% in the same quarter of fiscal 2010 and decreased to 12% in the first half of fiscal 2011 from 21% in the same period of fiscal 2010. Higher fiscal 2011 revenue as described above was more than offset by higher costs and expenses associated with our fiscal 2010 acquisitions of Mint and Medfusion and by our continued investment in emerging market opportunities.

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Cost of Revenue

(Dollars in millions)	Q2 FY11	% of Related Revenue	Q2 FY10	% of Related Revenue	YTD Q2 FY11	% of Related Revenue	YTD Q2 FY10	% of Related Revenue
Cost of product revenue	$ 46	11%	$ 48	11%	$ 78	12%	$ 83	13%
Cost of service and other revenue	129	29%	114	27%	252	33%	223	33%
Amortization of acquired technology	5	n/a	16	n/a	9	n/a	38	n/a
Total cost of revenue	$ 180	21%	$ 178	21%	$ 339	24%	$ 344	26%

Cost of product revenue as a percentage of product revenue decreased slightly in the first half of fiscal 2011 compared with the same period of fiscal 2010 due to cost efficiencies in our Consumer Tax segment.

Cost of service and other revenue as a percentage of service and other revenue increased in the second quarter of fiscal 2011 compared with the same quarter of fiscal 2010. We deferred certain service revenue from the second quarter of fiscal 2011 to the third quarter of fiscal 2011 due to a delay in the Internal Revenue Service's acceptance of certain electronically filed tax returns. This revenue had little associated cost, so the shift in revenue affected the service revenue margin for the quarter.

Amortization of acquired technology decreased in the second quarter and first half of fiscal 2011 compared with the same periods of fiscal 2010 due to the completion of the amortization for certain Intuit Financial Services intangible assets that we acquired in fiscal 2007.

Operating Expenses

(Dollars in millions)	Q2 FY11	% of Total Net Revenue	Q2 FY10	% of Total Net Revenue	YTD Q2 FY11	% of Total Net Revenue	YTD Q2 FY10	% of Total Net Revenue
Selling and marketing	$ 330	38%	$ 277	33%	$ 550	39%	$ 457	35%
Research and development	158	18%	144	17%	314	22%	285	22%
General and administrative	88	10%	88	11%	178	13%	165	12%
Amortization of other acquired intangible assets	11	1%	11	1%	22	1%	21	2%
Total operating expenses	$ 587	67%	$ 520	62%	$ 1,064	75%	$ 928	71%

Current Fiscal Quarter

Total operating expenses as a percentage of total net revenue increased to 67% in the second quarter of fiscal 2011 from 62% in the same quarter of fiscal 2010. Revenue grew $41 million while total operating expenses increased $67 million in the fiscal 2011 quarter. Total operating expenses increased about $29 million for higher marketing program expenses in our Small Business Group and in our Consumer Tax segment, about $21 million for higher staffing expenses, and about $9 million for operating expenses for Mint and Medfusion.

Fiscal Year to Date

Total operating expenses as a percentage of total net revenue increased to 75% in the first half of fiscal 2011 from 71% in the same period of fiscal 2010. Revenue grew $99 million while total operating expenses increased $136 million in the fiscal 2011 period. Total operating expenses increased about $42 million for staffing expenses, about $39 million for higher marketing program expenses, primarily in our Small Business Group and in our Consumer Tax segment, about $24 million for the operating expenses of acquired businesses, and about $11 million for higher share-based compensation expense. Share-based compensation expense increased because the market price of our

common stock was higher at the time of our broad-based July 2010 grants of options and restricted stock units compared with the prior fiscal year. This increased the total fair value of these awards at the time of grant, which is being recognized as expense over the related service periods.

Non-Operating Income and Expenses

Interest Expense

Interest expense of $30 million and $31 million for the first six months of fiscal 2011 and 2010 consisted primarily of interest on $1 billion in senior notes that we issued in March 2007. The senior notes are due in March 2012 and March 2017 and are redeemable by Intuit at any time, subject to a make-whole premium.

Interest and Other Income, Net

(In millions)	Three Months Ended		Six Months Ended	
	January 31, 2011	January 31, 2010	January 31, 2011	January 31, 2010
Interest income	$ 3	$ 1	$ 6	$ 5
Net gains on executive deferred compensation plan assets	2	1	5	2
Other	1	—	3	—
Total interest and other income, net	$ 6	$ 2	$ 14	$ 7

Interest and other income, net consists primarily of interest income. Higher average invested balances and higher interest rates resulted in higher interest income in the second quarter and first six months of fiscal 2011 compared with the same periods of fiscal 2010. In accordance with authoritative guidance, we record gains and losses associated with executive deferred compensation plan assets in interest and other income and gains and losses associated with the related liabilities in operating expenses. The amounts recorded in operating expenses generally offset the amounts recorded in interest and other income.

Income Taxes

Our effective tax rate for the second quarter of fiscal 2011 was approximately 28%. Excluding discrete tax benefits primarily related to the retroactive reinstatement of the federal research and experimentation credit as described below, our effective tax rate for that quarter was approximately 36% and did not differ significantly from the statutory rate of 35%. State income taxes were substantially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit. Our effective tax rate for the second quarter of fiscal 2010 was approximately 37%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

We recorded a $12 million tax benefit on a loss of $9 million for the first half of fiscal 2011. Excluding discrete tax benefits primarily related to the retroactive reinstatement of the federal research and experimentation credit as described below, our effective tax rate for that period was approximately 36% and did not differ significantly from the statutory rate of 35%. State income taxes were substantially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit. Our effective tax rate for the first half of fiscal 2010 was approximately 27%. Excluding discrete tax benefits primarily related to routine stock option deduction benefits, our effective tax rate for that period was approximately 37%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

In December 2010 the Tax Relief, Unemployment Insurance Reauthorization, and Jobs Creation Act of 2010 was signed into law. The Act includes a reinstatement of the federal research and experimentation credit through December 31, 2011 that was retroactive to January 1, 2010. We recorded a discrete tax benefit of approximately $9 million for the retroactive amount related to fiscal 2010 and the first quarter of fiscal 2011 during the second quarter of fiscal 2011.

Discontinued Operations

In January 2010 we sold our Intuit Real Estate Solutions (IRES) business for approximately $128 million in cash and recorded a net gain on disposal of $35 million. IRES was part of our Other Businesses segment. We accounted for IRES as a discontinued operation and have therefore segregated its operating results from continuing operations in our statements of operations for all periods prior to the sale. For the second quarter of fiscal 2010, net revenue from IRES was $14 million and net loss from IRES was $1 million, excluding the net gain on disposal. For the first half of fiscal 2010, net revenue from IRES was $33 million and net income from IRES was less than $1 million, excluding the net gain on disposal.

Liquidity and Capital Resources

Overview

At January 31, 2011, our cash, cash equivalents and investments totaled $892 million, a decrease of $730 million from July 31, 2010 due to the factors noted under *"Statements of Cash Flows"* below. At that date we also held $85 million in municipal auction rate securities that we classified as long-term investments on our balance sheet. See *"Auction Rate Securities"* below for more information. Our primary source of liquidity has been cash from operations, which entails the collection of accounts receivable for products and services. Our primary uses of cash have been for research and development programs, selling and marketing activities, capital projects, acquisitions of businesses, debt service costs and repurchases of common stock.

In March 2007 we issued five-year and ten-year senior unsecured notes totaling $1 billion. See *"Contractual Obligations — Commitments for Senior Unsecured Notes"* later in this Item 2 for more information. We also have a $500 million unsecured revolving line of credit facility that is described later in this Item 2. To date we have not borrowed under the facility.

The following table summarizes selected measures of our liquidity and capital resources at the dates indicated:

(Dollars in millions)	January 31, 2011	July 31, 2010	$ Change	% Change
Cash, cash equivalents and investments	$ 892	$ 1,622	$(730)	(45%)
Long-term investments	89	91	(2)	(2%)
Long-term debt	998	998	—	0%
Working capital	520	1,074	(554)	(52%)
Ratio of current assets to current liabilities	1.3 : 1	1.9 : 1		

Auction Rate Securities

At January 31, 2011, we held a total of $85 million in municipal auction rate securities that we classified as long-term investments on our balance sheet based on the maturities of the underlying securities. All of these securities are rated A or better by the major credit rating agencies and the majority of the securities are collateralized by student loans guaranteed by the U.S. Department of Education. Due to a decrease in liquidity in the global credit markets, in February 2008 auctions began failing for the municipal auction rate securities we held and in accordance with authoritative guidance we began estimating their fair value based on a discounted cash flow model that we prepared. Based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of the municipal auction rate securities we held at January 31, 2011 will have a material impact on our overall ability to meet our liquidity needs.

Statements of Cash Flows

The following table summarizes selected items from our statements of cash flows for the first six months of fiscal 2011 and 2010. See the financial statements in Part I, Item 1 of this report for complete statements of cash flows for those periods.

	Six Months Ended			
(Dollars in millions)	January 31, 2011	January 31, 2010	$ Change	% Change
Net cash provided by (used in):				
Operating activities	$ 47	$ 105	$ (58)	(55%)
Investing activities	804	(32)	836	(2613%)
Financing activities	(632)	(416)	(216)	52%
Effect of exchange rate changes on cash	—	1	(1)	n/a
Increase (decrease) in cash and cash equivalents	$ 219	$ (342)		

Operating Activities

During the first half of fiscal 2011 we generated $47 million in cash from our operations. This included net income of $3 million and adjustments for depreciation and amortization of $117 million and share-based compensation expense of $73 million, partially offset by the payment of fiscal 2010 accrued bonuses and other seasonal working capital needs.

During the first half of fiscal 2010 we generated $105 million in cash from our operations. This included net income of $46 million and adjustments for depreciation and amortization of $143 million and share-based compensation expense of $65 million, partially offset by the payment of fiscal 2009 accrued bonuses and other seasonal working capital needs.

Investing Activities

Investing activities generated $804 million in cash during the first half of fiscal 2011. We received $939 million in cash from net sales of investments, which was partially offset by the use of $135 million in cash for capital expenditures.

We used $32 million in cash for investing activities during the first half of fiscal 2010. We received a net $122 million in cash from the sale of our Intuit Real Estate Solutions business and $59 million in cash from net sales of investments. We used $141 million in cash for acquisitions (primarily Mint Software Inc.) and $66 million in cash for capital expenditures.

Financing Activities

We used $632 million in cash for financing activities during the first half of fiscal 2011, including $860 million for the repurchase of common stock under our stock repurchase programs partially offset by the receipt of $218 million in cash from the issuance of common stock under employee stock plans.

We used $416 million in cash for financing activities during the first half of fiscal 2010, including $550 million for the repurchase of common stock under our stock repurchase programs partially offset by the receipt of $150 million in cash from the issuance of common stock under employee stock plans.

Stock Repurchase Programs

Our Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During the first six months of fiscal 2011 and 2010 we repurchased 18.5 million and 18.8 million shares of our common stock for $860 million and $550 million under these programs. At January 31, 2011, we had authorization from our Board of Directors to expend up to an additional $1.14 billion for stock repurchases through August 16, 2013.

To facilitate the stock repurchase program described above, from time to time we repurchase shares in the open market. On January 3, 2011 we entered into an accelerated share repurchase (ASR) agreement with a large financial institution to repurchase $250 million of Intuit's common stock on an accelerated basis. We entered into this ASR agreement in order to repurchase shares at a guaranteed discount from the average price of our stock over a specified period of time. We had the contractual right to cancel the ASR agreement without any financial or other obligation at any time prior to February 2, 2011. On February 2, 2011 we paid $250 million to the financial institution and received an initial delivery of 4.2 million shares of Intuit common stock. The total number of shares to be delivered generally will be determined by applying an agreed discount to the average of the daily volume weighted average price of Intuit common shares traded during the pricing period. The pricing period is scheduled to end in April 2011, but it may conclude sooner at the election of the financial institution. If the total number of shares to be delivered exceeds the number of shares delivered on February 2, 2011, we will receive the remaining balance of shares from the financial institution. Based on the current trading prices of our common stock, we expect to receive additional shares. If the total number of shares to be delivered is less than the number of shares delivered on February 2, 2011, we have the contractual right to deliver to the financial institution either shares of Intuit common stock or cash equal to the value of those shares.

Unsecured Revolving Credit Facility

On March 22, 2007 we entered into an agreement with certain institutional lenders for a $500 million unsecured revolving credit facility that will expire on March 22, 2012. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. The applicable interest rate will be increased by 0.05% for any period in which the total principal amount of advances and letters of credit under the credit facility exceeds $250 million. The agreement includes covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00. We were in compliance with these covenants at January 31, 2011. We may use amounts borrowed under this credit facility for general corporate purposes or for future acquisitions or expansion of our business. To date we have not borrowed under the credit facility. We monitor counterparty risk associated with the institutional lenders that are providing the credit facility. We currently believe that the credit facility will be available to us should we choose to borrow under it.

Liquidity and Capital Resource Requirements

We evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. We may decide to use cash and cash equivalents, investments, and our revolving line of credit facility to fund such activities in the future.

Based on past performance and current expectations, we believe that our cash and cash equivalents, investments, and cash generated from operations will be sufficient to meet anticipated seasonal working capital needs, capital expenditure requirements, contractual obligations, commitments and other liquidity requirements associated with our operations for at least the next 12 months.

Off-Balance Sheet Arrangements

At January 31, 2011, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

The following table summarizes our known contractual obligations to make future payments at January 31, 2011:

	Payments Due by Period				
(In millions)	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Amounts due under executive deferred compensation plan	$ 51	$ —	$ —	$ —	$ 51
Senior unsecured notes	—	500	—	500	1,000
Interest and fees due on long-term obligations	56	71	57	43	227
License fee payable (1)	10	20	20	40	90
Operating leases	54	94	85	232	465
Purchase obligations (2)	69	78	78	56	281
Total contractual obligations (3)	$ 240	$ 763	$ 240	$ 871	$ 2,114

(1) In May 2009 we entered into an agreement to license certain technology for $20 million in cash and $100 million payable over ten fiscal years.

(2) Represents agreements to purchase products and services that are enforceable, legally binding and specify terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments.

(3) Excludes $41 million of non-current uncertain tax benefits which are included in other long-term obligations on our balance sheet at January 31, 2011. We have not included this amount in the table above because we cannot make a reasonably reliable estimate regarding the timing of settlements with taxing authorities, if any.

Included in operating leases in the table above are two agreements that we signed in January 2011 that extend the terms of Intuit's leases for its corporate headquarters office space in Mountain View, California through 2024 and 2026. The total expected rent through the end of those terms is approximately $210 million, with options to further extend the leases for ten years at rates to be determined in accordance with the agreements.

The largest of the commitments included in purchase obligations in the table above relates to future outsourced electronic payment fulfillment and bill management services for our Financial Services segment.

Commitments for Senior Unsecured Notes

On March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 (the 2012 Notes) and $500 million of 5.75% senior unsecured notes due on March 15, 2017 (the 2017 Notes) (together, the Notes). We expect to reclassify the $500 million note due in March 2012 from long-term liabilities to current liabilities in the third quarter of fiscal 2011. The Notes are redeemable by Intuit at any time, subject to a make-whole premium. Interest is payable semiannually on March 15 and September 15. At January 31, 2011, our maximum commitment for interest payments under the Notes was $227 million.

We monitor the credit markets as part of our ongoing cash management activities. We currently intend to either pay off the 2012 Notes when they become due using operating cash or refinance those notes if the credit markets are favorable at that time.

ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment Risk

There has been significant instability in the financial markets during fiscal 2009, 2010 and 2011. This period of extraordinary disruption and readjustment in the financial markets exposes us to additional investment risk. The value and liquidity of the securities in which we invest could deteriorate rapidly and the issuers of these securities could be subject to credit rating downgrades. In light of the current market conditions and these additional risks, we actively monitor market conditions and developments specific to the securities in which we invest. We believe that we take a conservative approach to investing our funds in that we invest only in highly-rated securities and diversify our portfolio of investments. While we believe we take prudent measures to mitigate investment related risks, such risks cannot be fully eliminated because of market circumstances that are outside our control.

Our 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, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer. We do not hold derivative financial instruments in our portfolio of investments. See Note 3 to the financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a summary of the cost and fair value of our investments by type of issue.

Interest Rate Risk

Our cash equivalents and investments are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents and investments and the fair value of those investments. Should the Federal Reserve Target Rate increase by 25 basis points from the level of January 31, 2011, the value of our investments would decrease by approximately $2 million. Should the Federal Reserve Target Rate increase by 100 basis points from the level of January 31, 2011, the value of our investments would decrease by approximately $7 million.

We are also exposed to the impact of changes in interest rates as they affect our $500 million revolving credit facility. Advances under the credit facility accrue interest at rates that are equal to Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. Consequently, our interest expense would fluctuate with changes in the general level of these interest rates if we were to borrow any amounts under the credit facility. At January 31, 2011, no amounts were outstanding under the credit facility.

On March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 and $500 million of 5.75% senior unsecured notes due on March 15, 2017. We carry these senior notes at face value less unamortized discount on our balance sheets. Since these senior notes bear interest at fixed rates, we have no financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change. See Note 2 and Note 8 to the financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

Impact of Foreign Currency Rate Changes

The functional currencies of our international operating subsidiaries are the local currencies. We translate the assets and liabilities of our foreign subsidiaries at the exchange rates in effect on the balance sheet date. We translate their revenue, costs and expenses at the average rates of exchange in effect during the period. We include translation gains and losses in the stockholders' equity section of our balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income, net in our statements of operations.

Since we translate foreign currencies (primarily Canadian dollars, British pounds, Indian rupees and Singapore dollars) into U.S. dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results. The historical impact of currency fluctuations on our financial results has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies.

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 January 31, 2011, we did not engage in foreign currency hedging activities.

ITEM 4
CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based upon an evaluation of the effectiveness of disclosure controls and procedures, Intuit's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q our disclosure controls and procedures as defined under Exchange Act Rule 13a-15(e) and 15d-15(e) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During our most recent fiscal quarter, there has not occurred any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
ITEM 1
LEGAL PROCEEDINGS

See Note 11 to the financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of legal proceedings.

ITEM 1A
RISK FACTORS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements in this report, other than statements that are purely historical, are forward-looking statements. Words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “forecast,” “estimate,” “seek,” and similar expressions also identify forward-looking statements. In this report, forward-looking statements include, without limitation, the following:

- our expectations and beliefs regarding future conduct and growth of the business;
- the assumptions underlying our Critical Accounting Policies and Estimates, including our estimates regarding product rebate and return reserves; stock volatility and other assumptions used to estimate the fair value of share-based compensation; the fair value of goodwill; and expected future amortization of acquired intangible assets;
- our belief that the investments we hold are not other-than-temporarily impaired;
- our belief that the reduction in liquidity of the municipal auction rate securities we hold will not have a material impact on our overall ability to meet our liquidity needs;
- our belief that our exposure to currency exchange fluctuation risk will not be significant in the future;
- our expectations regarding future payment or refinancing of the 2012 Notes;
- our assessments and estimates that determine our effective tax rate;
- our belief that our cash and cash equivalents, investments and cash generated from operations will be sufficient to meet our working capital, capital expenditure and other liquidity requirements for at least the next 12 months;
- our beliefs regarding seasonality and other trends for our businesses; and
- our assessments and beliefs regarding the future outcome of pending legal proceedings and the liability, if any, that Intuit may incur as a result of those proceedings.

We caution investors that forward-looking statements are only predictions based on our current expectations about future events and are not guarantees of future performance. We encourage you to read carefully all information provided in this Quarterly Report and in our other filings with the Securities and Exchange Commission before deciding to invest in our stock or to maintain or change your investment. These forward-looking statements are based on information as of the filing date of this Quarterly Report, and we undertake no obligation to publicly revise or update any forward-looking statement for any reason.

Because forward-looking statements involve risks and uncertainties, there are important factors that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include the following:

We face intense competitive pressures that may harm our operating results.

We face intense competition in all of our businesses, and we expect competition to remain intense in the future. Our competitors may introduce superior products and services, reduce prices, have greater technical, marketing and other resources, have greater name recognition, have larger installed bases of customers, have well-established relationships with our current and potential customers, advertise aggressively or beat us to market with new products and services. We also face intensified competition from providers of free accounting, tax, banking and other financial services. In order to compete, we have also introduced free offerings in several categories, but we may not be able to attract customers or effectively monetize all of these offerings, and customers who have formerly paid for Intuit’s products and services may elect to use free offerings instead. These competitive factors may diminish our revenue and profitability, and harm our ability to acquire and retain customers.

Our consumer tax business also faces significant competition from the public sector, where we face the risk of federal and state taxing authorities developing software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers. These or similar programs may be introduced or expanded in the future, which may cause us to lose customers and revenue. Although the Free File Alliance has kept the federal government from being a direct competitor to Intuit’s tax offerings, it has fostered additional online competition and may cause us to lose significant revenue opportunities. The current agreement with the Free File Alliance is scheduled to expire in October 2014. We anticipate that governmental encroachment at both the federal and state levels may present a continued competitive threat to our business for the foreseeable future.

Future revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products, services and business models.

The Software as a Service (SaaS), desktop software and mobile technology industries are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. As we continue to grow our SaaS and other offerings, we must continue to innovate and develop new products and features to meet changing customer needs and attract and retain talented software developers. We need to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, which require us to devote significant resources.

A number of our businesses also derive a significant amount of their revenue from one-time upfront license fees and rely on customer upgrades and service offerings to generate a significant portion of their revenues. In addition, our consumer and professional tax businesses depend significantly on revenue from customers who return each year to use our updated tax preparation and filing software and services. As our existing products mature, encouraging customers to purchase product upgrades becomes more challenging unless new product releases provide features and functionality that have meaningful incremental value. If we are not able to develop and clearly demonstrate the value of new or upgraded products or services to our customers, our revenues may be harmed. In addition, as we continue to introduce and expand our new business models, including offerings that are subscription-based or that are free to end users, we may be unsuccessful in monetizing or increasing customer adoption of these offerings.

In some cases, we may expend a significant amount of resources and management attention on offerings that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. We have also invested, and in the future expect to invest, in new business models, strategies and initiatives. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the strategies and inadequate return on investments. Because these new initiatives are inherently risky, they may not be successful and may harm our financial condition and operating results.

Business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results.

As we continue to transition our business to more connected services, we become more dependent on the continuing operation and availability of our information technology and communication systems and those of our external service providers. We do not have redundancy for all of our systems, many of our critical applications reside in only one of our data centers, and our disaster recovery planning may not account for all eventualities. In addition, we are in the process of updating our customer facing applications and the supporting information technology infrastructure to meet our customers' expectations for continuous service availability. Any difficulties in upgrading these applications or infrastructure or failure of our systems or those of our service providers may result in interruptions in our service, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Any prolonged interruptions at any time may result in lost customers, additional refunds of customer charges, negative publicity and increased operating costs, any of which may significantly harm our business, financial condition and results of operations.

We are in the process of migrating our applications and infrastructure to new data centers. If we do not execute the transition to the new data centers in an effective manner, we may experience unplanned service disruptions or unforeseen increases in costs which may harm our operating results and our business. We do not maintain real-time back-up of all our data, and in the event of significant system disruption we may experience loss of data or processing capabilities, which may cause us to lose customers and may materially harm our reputation and our operating results.

Our business operations, data centers, information technology and communications systems are vulnerable to damage or interruption from natural disasters, human error, malicious attacks, fire, power loss, telecommunications failures, computer viruses, computer denial of service attacks, terrorist attacks and other events beyond our control. The majority of our research and development activities, our corporate headquarters, our principal information technology systems, and other critical business operations are located near major seismic faults. We do not carry earthquake insurance for direct quake-related losses. Our future financial results may be materially harmed in the event of a major earthquake or other natural or man-made disaster.

We rely on internal systems and external systems maintained by manufacturers, distributors and other service providers to take and fulfill customer orders, handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems may prevent us or our service providers from accepting and fulfilling customer orders or cause company and customer data to be unintentionally disclosed. Our continuing efforts to upgrade and expand our network security and other information systems as well as our high-availability capabilities may be costly, and problems with the design or implementation of system enhancements may harm our business and our results of operations.

Our hosting, collection, use and retention of personal customer information and data create risk that may harm our business.

A number of our businesses collect, use and retain large amounts of personal customer information and data, including credit card numbers, tax return information, bank account numbers and passwords, personal and business financial data, social security numbers, healthcare information and payroll information. We may also develop new business models that use certain personal information, or data derived from personal information. In addition, we collect and maintain personal information of our employees in the ordinary course of our business. Some of this personal customer and employee information is held and some transactions are executed by third parties. In addition, as many of our products and services are Web-based, the amount of data we store for our users on our servers (including personal information) has been increasing. We and our vendors use commercially available security technologies to protect transactions and personal information. We use security and business controls to limit access and use of personal information. However, individuals or third parties may be able to circumvent these security and business measures, and errors in the storage, use or transmission of personal information may result in a breach of customer or employee privacy or theft of assets, which may require notification under applicable data privacy regulations. We employ contractors, temporary and seasonal employees who may have access to the personal information of customers and employees or who may execute transactions in the normal course of their duties. While we conduct background checks of our employees and other individuals and limit access to systems and data, it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach.

The ability to execute transactions and the possession and use of personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require notification to customers or employees of a security breach, restrict our use of personal information and hinder our ability to acquire new customers or market to existing customers. As our business continues to expand to new industry segments that may be more highly regulated for privacy and data security, and to countries outside the United States that have more strict data protection laws, our compliance requirements and costs may increase. We have incurred — and may continue to incur — significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

A major breach of our security measures or those of third parties that execute transactions or hold and manage personal information may have serious negative consequences for our businesses, including possible fines, penalties and damages, reduced customer demand for our services, harm to our reputation and brands, further regulation and oversight by federal or state agencies, and loss of our ability to provide financial transaction services or accept and process customer credit card orders or tax returns. From time to time, we detect, or receive notices from customers or public or private agencies that they have detected, vulnerabilities in our servers, our software or third-party software components that are distributed with our products. The existence of vulnerabilities, even if they do not result in a security breach, may harm customer confidence and require substantial resources to address, and we may not be able to discover or remediate such security vulnerabilities before they are exploited. In addition, hackers develop and deploy viruses, worms and other malicious software programs that may attack our offerings. Although this is an industry-wide problem that affects software across platforms, it is increasingly affecting our offerings because hackers tend to focus their efforts on the more popular programs and offerings and we expect them to continue to do so. If hackers were able to circumvent our security measures, we may lose personal information. Although we have commercially available network and application security, internal control measures, and physical security procedures to safeguard our systems, there can be no assurance that a security breach, loss or theft of personal information will not occur, which may harm our business, customer reputation and future financial results and may require us to expend significant resources to address these problems, including notification under data privacy regulations.

If we are unable to develop, manage and maintain critical third party business relationships, our business may be adversely affected.

Our growth is dependent on the strength of our business relationships and our ability to continue to develop, maintain and leverage new and existing relationships. We rely on various third party partners, including software and service providers, suppliers, vendors, manufacturers, distributors, financial institutions, core processors, licensing partners and development partners, among others, in many areas of our business in order to deliver our offerings and operate our business. We also rely on third parties to support the operation of our business by maintaining our physical facilities, equipment, power systems and infrastructure. In certain instances, these third party relationships are sole source or limited source relationships and can be difficult to replace or substitute depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third party providers or vendors in the market. The failure of third parties to provide acceptable and high quality products, services and technologies or to update their products, services and technologies may result in a disruption to our business operations, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner.

In particular, we have relationships with banks, credit unions or other financial institutions, both as customers and as suppliers of certain critical services we offer to our other customers. If macroeconomic conditions or other factors cause any of these institutions to fail, consolidate or institute cost-cutting efforts, our business and financial results may suffer and we may be unable to offer those services to our customers.

Increased government regulation of our businesses may harm our operating results.

Many of our businesses are in highly regulated areas, including our tax, payroll, payments, financial services and healthcare businesses. The application of these laws and regulations to our businesses is often unclear and compliance with these regulations may involve significant costs or require changes to our business practices that result in reduced revenue. In addition, there have been significant new regulations and heightened focus by the government on many of these areas.

In addition, as we seek to grow our business, we may expand into more highly-regulated businesses or countries, which may require increased investment in compliance and auditing functions or new technologies in order to meet regulatory standards. Government authorities may enact other laws, rules or regulations that place new burdens or restrictions on our business or determine that our operations are directly subject to existing rules or regulations, such as requirements related to data collection, use, transmission, retention and processing, which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may harm our future financial results.

The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations or litigation by the government or private entities may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our tax businesses or offer our tax products and services. This in turn may increase our cost of doing business and limit our revenue opportunities. We are also 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, may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner.

Our Financial Services business provides services to banks, credit unions and other financial institutions that are subject to extensive and complex federal and state regulation. As a result, our financial institution customers require that our products and services comply with the regulations applicable to these customers. If we are unable to comply with these regulations, we may incur significant costs and penalties, face litigation or governmental proceedings, and lose our ability to sell to these customers. Any of these adverse events may harm our future financial results and our reputation.

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If we fail to process transactions effectively or fail to adequately protect against disputed or potential fraudulent activities, our revenue and earnings may be harmed.

Our operations process a significant volume and dollar value of transactions on a daily basis, especially in our payroll and payments businesses. Due to the size and volume of transactions that we handle, effective processing systems and controls are essential to ensure that transactions are handled appropriately. Despite our efforts, it is possible that we may make errors or that funds may be misappropriated due to fraud. In our payroll and payments businesses, we have been experiencing an increasing amount of fraudulent activities not only by our customers, but also targeted fraud by third parties aimed directly at our offerings. In addition to any direct damages and fines that any such problems may create, which may be substantial, the loss of customer confidence in our controls may seriously harm our business. The systems supporting our business are comprised of multiple technology platforms that are difficult to scale. If we are unable to effectively manage our systems and processes we may be unable to process customer data in an accurate, reliable and timely manner, which may harm our business. In our payments processing service business if merchants for whom we process payment transactions are unable to pay refunds due to their customers in connection with disputed or fraudulent merchant transactions, we may be required to pay those amounts and our payments may exceed the amount of the customer reserves we have established to make such payments.

Third parties claiming that we infringe their proprietary rights may cause us to incur significant legal expenses and prevent us from selling our products.

As the number of products in the software industry increases and the functionality of these products further overlap, and as we acquire technology through acquisitions or licenses, we may become increasingly subject to infringement claims, including patent, copyright, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the patent rights of others. We have received an increasing number of allegations of patent infringement claims in the past and expect to receive more claims in the future based on allegations that our offerings infringe upon patents held by third parties. Some of these claims are the subject of pending litigation against us and against some of our customers. These claims may involve patent holding companies or other adverse patent owners who have no relevant product revenues of their own, and against whom our own patents may provide little or no deterrence. The ultimate outcome of any allegation is uncertain and, regardless of outcome, any such claim, with or without merit, may be time consuming to defend, result in costly litigation, divert management’s time and attention from our business, require us to stop selling, delay shipping or redesign our products, or require us to pay monetary damages for royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims may harm our business.

We rely on third party intellectual property in our products and services.

Many of our products and services include intellectual property of third parties, which we license under agreements that must be renewed or renegotiated from time to time. We may not be able to obtain licenses to these third party technologies or content on reasonable terms, or at all. If we are unable to obtain the rights necessary to use this intellectual property in our products and services, we may not be able to sell the affected offerings, which may in turn harm our future financial results. Also, we and our customers have been and may continue to be subject to infringement claims as a result of the third party intellectual property incorporated in to our offerings. Although we try to mitigate this risk and we may not be ultimately liable for any potential infringement, pending claims require us to use significant resources, require management attention and could result in loss of customers.

Some of our offerings include third-party software that is licensed under so-called “open source” licenses, some of which may include a requirement that, under certain circumstances, we make available, or grant licenses to, any modifications or derivative works we create based upon the open source software. Although we have established internal review and approval processes to mitigate these risks, we may not be sure that all open source software is submitted for approval prior to use in our products. Many of the risks associated with usage of open source may not be eliminated, and may, if not properly addressed, harm our business.

We expect copying and misuse of our intellectual property to be a persistent problem which may cause lost revenue and increased expenses.

Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. 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. We frequently encounter unauthorized copies of our software being sold

through online marketplaces. Although we continue to evaluate and put in place technology solutions to attempt to lessen the impact of piracy and engage in efforts to educate consumers and public policy leaders on these issues and cooperate with industry groups in their efforts to combat piracy, we expect piracy to be a persistent problem that results in lost revenues and increased expenses.

Because competition for our key employees is intense, we may not be able to attract, retain and develop the highly skilled employees we need to support our planned growth.

Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive team, and those in technical, marketing and staff positions. Experienced personnel in the software and Software as a Service industries are in high demand and competition for their talents is intense, especially in California and India, where the majority of our employees are located. Also, as we strive to continue to adapt to technological change and introduce new and enhanced products and business models, we must be able to secure, maintain and develop the right quality and quantity of engaged and committed talent. Although we strive to be an employer of choice, we may not be able to continue to successfully attract, retain and develop key personnel which may cause our business to suffer.

As our product and service offerings become more tightly integrated, we may be required to recognize the related revenue over relatively longer periods of time.

Our expanding range of products and services, and the combinations in which we offer them, generate different revenue streams than our traditional desktop software businesses, and the accounting policies that apply to revenue from these offerings are complex. For example, as we offer online services bundled with other products, we may be required to defer a higher percentage of our product revenue into future fiscal periods. In addition, as we offer more services on a subscription basis, we recognize revenue from those services over the periods in which the services are provided. This may result in significant shifts of revenue from quarter to quarter, or from one fiscal year to the next.

The nature of our products and services necessitates timely product launches and if we experience significant product quality problems or delays, it may harm our revenue, earnings and reputation.

All of our tax products and many of our non-tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Our tax preparation software product development cycle is particularly challenging due to the need 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 to prepare and file their taxes by the tax filing deadline. Due to the complexity of our products and the condensed development cycles under which we operate, our products sometimes contain “bugs” that may unexpectedly interfere with the operation of the software. The complexity of our products may also make it difficult for us to consistently deliver offerings that contain the features, functionality and level of accuracy that our customers expect. When we encounter problems we may be required to modify our code, distribute patches to customers who have already purchased the product and recall or repackage existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products late in our development cycle it may cause us to delay our product launch date. Any major defects or launch delays may lead to loss of customers and revenue, negative publicity, customer and employee dissatisfaction, reduced retailer shelf space and promotions, and increased operating expenses, such as inventory replacement costs, legal fees or payments resulting from our commitment to reimburse penalties and interest paid by customers due solely to calculation errors in our consumer tax preparation products.

Our revenue and earnings are highly seasonal and our quarterly results fluctuate significantly.

Several of our businesses are highly seasonal causing 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 due to our tax businesses contributing most of their revenue during those quarters and the timing of the release of our small business software products and upgrades. We experience lower revenues, and significant operating losses, in the first and fourth quarters ending October 31 and July 31. Our financial results may 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 delivery of federal and state tax forms; the timing of our discontinuation of support for older product offerings; changes to our bundling strategy, such as the inclusion of upgrades with certain offerings; changes to how we communicate the availability of new functionality in the future (any of which may impact the pattern of revenue recognition); and the timing of acquisitions, divestitures, and goodwill and acquired intangible asset impairment charges.

We are frequently a party to litigation and regulatory inquiries which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows.

We are subject to various legal proceedings, claims and regulatory inquiries that have arisen out of the ordinary conduct of our business and are not yet resolved and additional claims and inquiries may arise in the future. The number and significance of these claims and inquiries have increased as our businesses have evolved. Any proceedings, claims or inquiries initiated by or against us, whether successful or not, may be time consuming; result in costly litigation, damage awards, injunctive relief or increased costs of business; require us to change our business practices; require significant amounts of management time; result in diversion of significant operations resources; or otherwise harm of business and future financial results.

The continued global economic downturn may harm our business and financial condition.

The continued global economic downturn has caused disruptions and extreme volatility in global financial markets and increased rates of default and bankruptcy, and has impacted consumer and small business spending. These macroeconomic developments have affected and may continue to negatively affect our business and financial condition. In particular, because the majority of our revenue is derived from sales within the U.S., economic conditions in the U.S. have an even greater impact on us than companies with a more diverse international presence. Potential new customers may not purchase or delay purchase of our products and services, and many of our existing customers may discontinue purchasing or delay upgrades of our existing products and services, thereby negatively impacting our revenues and future financial results. Decreased consumer spending levels may also reduce credit and debit card transaction processing volumes causing reductions in our payments revenue. Poor economic conditions and high unemployment has caused, and may continue to cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets may negatively affect the cash flow of our distributors and resellers who may, in turn, delay paying their obligations to us, which may increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Additionally, if macroeconomic or other factors continue to cause banks, credit unions, mortgage lenders and other financial institutions to fail, or result in further cost-cutting efforts or consolidation of these entities, we may lose current or potential customers, achieve less revenue per customer and/or lose valuable relationships with such of these entities that provide critical services to our customers. Any of these events may harm our business and our future financial results.

We regularly invest resources to update and improve our internal information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing internal technology systems and software platforms disrupt our operations, our business could be harmed.

We rely on our network and data center infrastructure and internal technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages and may not be able to deliver certain offerings and develop new offerings and enhancements that we need to remain competitive. Such improvements and upgrades are often complex, costly and time consuming. In addition such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation.

Our international operations are subject to increased risks which may harm our business, operating results, and financial condition.

In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including:

- trade barriers and changes in trade regulations;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- profit repatriation restrictions, and foreign currency exchange restrictions;
- political or social unrest, economic instability, repression, or human rights issues;
- geopolitical events, including acts of war and terrorism;
- import or export regulations;

- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to government officials;
- different and more stringent user protection, data protection, privacy and other laws; and
- risks related to other government regulation or required compliance with local laws.

Violations of the complex foreign and U.S. laws and regulations that apply to our international operations may result in fines, criminal actions or sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and may result in harm to our business, operating results, and financial condition.

If actual product returns exceed returns reserves our future financial results may be harmed.

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 may 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 fiscal third and fourth quarters. Like many software companies that sell their products through distributors and retailers, we have historically accepted significant product returns. We establish reserves against revenue for product returns in our financial statements based on estimated returns and we closely monitor product sales and inventory in the retail channel in an effort to maintain adequate reserves. In the past, returns have not differed significantly from these reserves. However, if we experience actual returns that significantly exceed reserves, it may result in lower net revenue.

Unanticipated changes in our income tax rates may affect our future financial results.

Our future effective income tax rates may be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or their interpretation. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These continuous examinations may result in unforeseen tax-related liabilities, which may harm our future financial results.

Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income.

Our acquisitions have resulted in significant expenses, including amortization and impairment of acquired technology and other acquired intangible assets, and impairment of goodwill. Total costs and expenses in these categories were approximately $91 million in fiscal 2010, $101 million in fiscal 2009, and $90 million in fiscal 2008. Although under current accounting rules goodwill is not amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our statement of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. At January 31, 2011, we had $1.9 billion in goodwill and $222 million in net acquired intangible assets on our balance sheet, both of which may be subject to impairment charges in the future. New acquisitions, and any impairment of the value of acquired intangible assets, may have a significant negative impact on our future financial results.

Our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions.

We have acquired and may continue to acquire companies, products and technologies that complement our strategic direction. Acquisitions involve significant risks and uncertainties, including:

- inability to successfully integrate the acquired technology and operations into our business and maintain uniform standards, controls, policies, and procedures;
- inability to realize synergies expected to result from an acquisition;
- challenges retaining the key employees, customers, resellers and other business partners of the acquired operation;
- the internal control environment of an acquired entity may not be consistent with our standards and may require significant time and resources to improve;

- unidentified issues not discovered in our due diligence process, including product or service quality issues, intellectual property issues and legal contingencies.

Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm our operating results or financial condition. If we use debt to fund acquisitions or for other purposes, our interest expense and leverage may increase significantly. If we issue equity securities as consideration in an acquisition, current shareholders' percentage ownership and earnings per share may be diluted.

We have issued $1 billion in a debt offering and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

In fiscal 2007 we issued $500 million in senior unsecured notes due in March 2012 and $500 million in senior unsecured notes due in March 2017. As this debt matures, we will have to expend significant resources to either repay or refinance these notes. If we decide to refinance the notes, we may be required to do so on different or less favorable terms or we may be unable to refinance the notes at all, both of which may adversely affect our financial condition.

We have also entered into a $500 million five-year revolving credit facility. Although we have no current plans to request any advances under this credit facility, we may use the proceeds of any future borrowing for general corporate purposes or for future acquisitions or expansion of our business.

This debt may adversely affect our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our current revolving credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, our long-term non-convertible debt includes covenants that may adversely affect our ability to incur certain liens or engage in certain types of sale and leaseback transactions. If we breach any of the covenants under our long-term debt or our revolving credit facility and do not obtain a waiver from the lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable.

In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. If our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our revolving credit facility may increase. In addition, any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may affect the terms of any such financing.

We are subject to risks associated with information disseminated through our services.

The law relating to the liability of online services companies for information carried on or disseminated through their services is often unsettled. Claims may be made against online services companies under both U.S. and foreign law for defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through their services. Certain of our services include content generated by users. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. Any costs incurred as a result of this potential liability may harm our business.

Our business depends on our strong reputation and the value of our brands.

Developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers. Adverse publicity (whether or not justified) relating to activities by our employees or agents may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand for our products and services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands.

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ITEM 2
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Stock repurchase activity during the three months ended January 31, 2011 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans
November 1, 2010 through November 30, 2010	3,679,300	$ 45.74	3,679,300	$ 1,501,729,463
December 1, 2010 through December 31, 2010	7,472,000	$ 48.40	7,472,000	$ 1,140,053,279
January 1, 2011 through January 31, 2011	—	$ —	—	$ 1,140,053,279
Total	11,151,300	$ 47.52	11,151,300	

Notes:

1. All shares purchased as part of publicly announced plans during the three months ended January 31, 2011 were purchased under a plan we announced on August 18, 2010 under which we are authorized to repurchase up to $2 billion of our common stock from time to time over a three-year period ending on August 16, 2013.

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ITEM 6
EXHIBITS

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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference
10.01+	Intuit Inc. Amended and Restated 2005 Equity Incentive Plan as amended January 19, 2011 (incorporated by reference to Exhibit 99.01 to the registration statement on Form S-8 (Registration No. 333-171768) filed by the registrant with the Securities and Exchange Commission on January 19, 2011)		X
10.02#	Second Amendment to Lease Agreement Phase 1, effective January 1, 2011, between Intuit Inc. and Charleston Properties	X	
10.03#	Third Amendment to Lease Agreement Phase 2, effective January 1, 2011, between Intuit Inc. and Charleston Properties	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	
101.INS*	XBRL Instance Document	X	
101.SCH*	XBRL Taxonomy Extension Schema	X	
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase	X	
101.LAB*	XBRL Taxonomy Extension Label Linkbase	X	
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase	X	
101.DEF*	XBRL Taxonomy Extension Definition Linkbase	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 (SEC). We omitted such portions from this filing and filed them separately with the SEC.

* This exhibit is intended to be furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

INTUIT INC.
(Registrant)

Date: March 1, 2011

By: /s/ R. NEIL WILLIAMS
R. Neil Williams
Senior Vice President and Chief Financial Officer (Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

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101.LAB*	XBRL Taxonomy Extension Label Linkbase	X	
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase	X	
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* This exhibit is intended to be furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended.

Pursuant to 17 C.F.R. § 240.24b-2, confidential information (indicated by [***]) has been omitted and has been filed separately with the U.S. Securities Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT ("**Second Amendment**") is dated January 20, 2011 ("**Reference Date**"), for reference purposes only, and is effective as of January 1, 2011 ("**Effective Date**"), and is entered into by and between Charleston Properties, a California general partnership ("**Landlord**") and Intuit Inc, a Delaware corporation ("**Tenant**") with reference to the following facts and recitals.

RECITALS:

A. Landlord and Tenant are parties to a Lease Agreement [Phase 1-Buildings 1-5] dated July 31, 2003 for approximately 213,785 rentable square feet comprised of 5 buildings numbered 1-5 in such lease (the "**Original Lease**").

B. By a First Amendment to Lease Agreement, dated June 3, 2008 (the "First Amendment"), Landlord and Tenant amended the Original Lease to remove Building 1 therefrom and concurrently therewith the parties entered into a separate lease agreement for Building 1 (the "**Building 1 Lease**").

C. Landlord and Tenant now wish to return the Building 1 Lease and Building 1 to the Original Lease. The Original Lease, as amended by the First Amendment and by this Second Amendment, shall be referred to herein as the **"Lease"**.

D. Landlord and Tenant also wish to extend the term of the Lease and make certain other changes to the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Second Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant covenant and agree as follows:

1. Termination of First Amendment; Application of Certain Provisions of Second Amendment. As of the Effective Date the First Amendment is terminated and shall have no further force or effect and Building 1 shall be added back into the Lease as of the Effective Date. The provisions of this Second Amendment which follow this Section 1 shall be deemed to apply only to the terms of the Lease as set forth in the Original Lease. By separate agreement, with an effective date of the same Effective Date herewith, Landlord and Tenant will terminate the Building 1 Lease. The parties

acknowledge that as a result of returning Building 1 to the Lease, the Premises consist of 2550 Garcia Avenue, 2500 Garcia Avenue, 2535 Garcia Avenue, 2475 Garcia Avenue and 2525 Garcia Avenue, comprising a total of approximately 213,785 rentable square feet ("**Premises**"). The Premises and the Phase Two Premises are hereinafter referred to as the "**Total Premises**").

2. <u>Amendments to Section 2</u>.

A. The Lease term ("**Term**") set forth in Section 2.A. is hereby extended so that the Lease term now expires on December 31, 2024.

B. The first full paragraph of Section 2.C. is deleted in its entirety and replaced with the following:

> 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 three hundred thousand (300,000) rentable square feet of the Total Premises, and subject to the terms and conditions set forth hereafter, Tenant is hereby granted the option ("**Option**") to extend the term of this Lease for the Premises (as constituted as of commencement date of any Option Period) leased hereunder for one (1) ten (10) year period ("**Option Period**"). Tenant shall notify Landlord in writing of Tenant's exercise of its option to extend the Lease no later than the earlier of (a) ninety days following Landlord's notification to Tenant of the rent increase method Landlord shall use for the option period as set forth in Section 2.C.1, below, or (b) fifteen (15) months prior to the Lease expiration date. This Lease shall be extended for a period of ten (10) years commencing upon the day after the then expiring Lease term and shall expire ten (10) years later. The monthly Base Rent during the Option Period shall be as set forth in Paragraph 2.C.1 below. Tenant's exercise of the option granted herein shall also be deemed an exercise of the option to extend the term of the Phase Two Lease pursuant to the terms of the Phase Two Lease.

C. Section 2.C.1 is deleted in its entirety and replaced with the following:

> The Base Rent for the Option Period shall be either: (i)[***]; or, (ii)[***]. If Landlord determines that the Base Rent for the first year of the Option Period will be [***] then [***] and the method for determining[***]. If Landlord determines that the Base Rent for the first year of the Option Period shall [***] then [***].

3. <u>Amendments to Section 4.</u>

A. Section 4.A is amended by deleting the periods from and after January 1, 2011 and replacing them with the following:

YEAR	PERIOD	BASE MONTHLY RENT
Year 1	January 1, 2011 — December 31, 2011	$[***] ($[***]/SF)
Year 2	January 1, 2012 — December 31, 2012	$[***] ($[***]/SF)
Year 3	January 1, 2013 — December 31, 2013	$[***] ($[***]/SF)
Year 4	January 1, 2014 — December 31, 2014	$[***] ($[***]/SF)
Year 5	January 1, 2015 — December 31, 2015	$[***] ($[***]/SF)
Year 6*	January 1, 2016* — December 31, 2016	$[***] ($[***]/SF)
Year 7	January 1, 2017 — December 31, 2017	$[***] ($[***]/SF)
Year 8	January 1, 2018 — December 31, 2018	$[***] ($[***]/SF)
Year 9	January 1, 2019 — December 31, 2019	$[***] ($[***]/SF)
Year 10	January 1, 2020 — December 31, 2020	$[***] ($[***]/SF)
Years 11-14**	January 1, 2021 — December 31, 2024	**

* On January 1, 2016, the Base Rent shall [***]. If the [***] applies, then the annual Base Rent for the period of [***] shall [***].

> For example, if the [***] then the Base Rent [***] would be [***]. In this example, [***].

** On January 1, 2021, the Base Rent shall [***]. In either case, the annual Base Rent for the period of [***].

B. Section 4. E. 6 (Earthquake Insurance Expense Limitation) is deleted in its entirety and replaced with the following:

Landlord agrees that Tenant shall be entitled to purchase earthquake insurance for the Premises rather than Landlord

purchasing such insurance and Tenant reimbursing Landlord therefor as Additional Rent. Any such coverage obtained by Tenant shall have comparable coverage and deductibles as the earthquake insurance typically purchased by Landlord for the Premises, shall name Landlord as the primary insured, and shall otherwise be subject to Landlord's reasonable approval including the carrier.

C. Section 4.F is deleted in its entirety and replaced with the following:

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 3130 Alpine Road, Suite 190, Portola Valley, California 94028, 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. Notwithstanding the foregoing, Base Rent and Additional Rent may also be paid by Electronic Funds Transfer. All payments must actually be received by their due date.

4. Amendment to Section 6. The following is added to Section 6:

Tenant may make alterations to the Common Area and the Premises as are depicted on the conceptual drawings attached to this Second Amendment as **Exhibit A**. Tenant shall be responsible for obtaining all governmental approvals necessary for such work. No governmental approval for the work shall result in the reduction of the total number of parking spaces permitted for the Total Premises, nor shall it result in any change in the ratio of parking spaces required for the Total Premises. Landlord has approved the conceptual drawings, attached, and agrees that it will not withhold its consent to any final plans for such alterations provided they are consistent with the approved conceptual plans and that the construction for such renovations are performed with the necessary governmental approvals and permits. Notwithstanding the forgoing, if any such alterations referred to in this subparagraph involve the structural integrity of the Premises or a Building, the consent requirements of Section 9.A. will apply to such specific alterations. Furthermore, all other applicable provisions of Section 9.A. (i.e., all provisions applying to alterations whether or not they are structural) apply to the alterations referred to in this subparagraph.

If any exterior alterations or modifications are made to the Total Premises that alter the parking configuration or parking area (including but not limited to the addition or alteration of walkways, landscaping, drive aisles, parking stalls, or outdoor amenities which alter the parking configuration or parking area), Landlord may request in writing that the parking configuration and area be

returned to it’s current design and layout as of January 1, 2011, as such is set forth on **Exhibit B** attached hereto. No earlier than 12 months prior and no later than 7 months prior to the Termination of the Lease Term, Tenant shall request in writing whether Landlord shall require Tenant to have such parking areas and configuration restored to its January 1, 2011 design and layout. Once Landlord has received Tenant’s written request, Landlord shall respond to Tenant’s written request no later than 6 months prior to the Termination of the Lease Term, and shall inform Tenant as to whether or not Landlord shall require Tenant to restore such parking areas to their January 1, 2011 design and layout. If Tenant fails to provide proper written notice to Landlord as set forth above, Tenant shall be required to restore such parking areas to their January 1, 2011 design and layout. If Landlord fails to respond to Tenant’s request as required above, Tenant shall not be required to restore such parking areas to the January 1, 2011 design and layout.

Other than the restoration requirements described above which are applicable to alterations which alter the parking configuration or parking area, the alterations shown on Exhibit A shall be subject to the same restoration requirements as are described in Section 9.D.1.

5. Amendment to Section 7

Section 7.D. is amended by adding the following Subsection 18:

During the calendar year 2011, Landlord shall replace the roofs on Buildings 2500 Garcia, 2525 Garcia and 2550 Garcia, and the cost thereof shall not be deemed Additional Rent as set forth in the Lease. Such costs shall be at Landlord’s sole cost and expense.

6. Amendments to Section 9.

A. Section 9.A. is deleted in its entirety and replaced with the following:

Alterations: Subject to the following, Tenant may make any alterations or additions to the Premises, without the consent of Landlord, which do not affect the structural integrity of the Premises or a Building (including, without limitation altering a structural member of the Building or placing excessive loads on any floor or roof) or the external appearance of a Building. Prior to commencing any such Alterations which could potentially affect the structural integrity of the Premises or a Building, Tenant shall provide to Landlord a report of a licensed structural engineer providing an opinion as to whether such Alteration shall affect the structural integrity of the Premises or the Building. Any alterations or additions which could affect the structural integrity of the Premises or a Building, or, the external appearance of a Building shall require Landlord’s prior written consent such consent not to be

unreasonably withheld or delayed. Any alterations or additions except moveable furniture and trade fixtures, shall at once become a part of the Premises and belong to Landlord. Any and all alteration or additions shall be made at Tenant's sole cost and expense. Any modifications to the Premises, Building, Building systems, or any other property owned by Landlord that are required by governmental code, or otherwise, as a result of Tenant's alterations or additions shall be made at Tenant's sole cost and expense. Tenant shall retain title to all moveable furniture and trade fixtures. 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 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 $1,000,000.00. Tenant further covenants and agrees that any mechanic's liens filed against the Premises or against the Building or 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. Within thirty (30) days of the completion of any alterations or additions by Tenant, Tenant shall provide Landlord with "As Built" plans depicting the actual condition of the portion of the Premises which have been altered. Any exceptions to the foregoing must be made in writing and executed by both Landlord and Tenant. (The As Built plans will include an available hard set of plans as well as the CAD Drawings)

B. Section 9.D. is deleted in its entirety and replaced with the following:

Restoration: For any alterations or additions which Tenant constructs after January 1, 2019, Tenant must inform Landlord of such alterations or additions prior to the construction of such alterations or additions and must request in writing whether or not Landlord will require Tenant to remove such alterations or additions upon the expiration or earlier termination of the Lease and restore the Premises to the condition existing prior to such alterations or additions. If Tenant fails to so notify Landlord in writing of such alterations or additions, upon the expiration or earlier termination of the Lease, Tenant must remove such

alterations or additions and must restore the Premises to the condition existing prior to such alterations or additions. The notice of Tenant shall provide Landlord with a detailed description and depiction of such alterations or additions. Once such notice and detailed description and depiction has been received by Landlord, Landlord shall be required to respond to Tenant's request within fifteen (15) business days. If Tenant's written notice complies with the foregoing and if Landlord fails to notify Tenant whether Tenant shall be required to remove the subject alteration or addition at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall not require the removal of the subject alteration or addition.

1. Alterations Performed by Tenant Prior to January 1, 2019: Landlord agrees to accept all alterations or additions performed by Tenant upon the Premises prior to January 1, 2019, including, without limitation, all alterations and additions performed by Tenant upon the Premises prior to the Effective Date, and Tenant shall not be required to remove such alterations or additions upon the expiration or earlier termination of the Lease. Landlord's acceptance of all alterations or additions performed prior to January 1, 2019 is not a waiver by Landlord of the requirements, applicable to such alterations and additions, of Sections 9A, 9B, and 9C, including, by way of example, the requirement that Tenant timely deliver to Landlord "As Built" plans as set forth in Section 9B.

7. Amendment to Section 26. A new Subsection E is added to Section 26 as follows:

E. **Confirming Subsection C**. Landlord represents and warrants to Tenant that as of the date of this Second Amendment all of Landlord's statements set forth in Section 26.C. remain true and correct. Landlord acknowledges that Tenant is planning, and may proceed, with spending substantial amounts of money to renovate the Premises and that this will be done in reliance on the continuing existence of the Ground Lease, without default or termination, for the full term of this Lease and during the period of any options to extend the term which Tenant may choose to exercise. Landlord confirms that it will use commercially reasonable efforts to obtain from the ground lessor a non-disturbance and recognition agreement for the benefit of Tenant in a commercially reasonable form. Tenant acknowledges this non-disturbance and recognition agreement may not be obtained, if at all, until after the date of this Second Amendment.

8. Amendment to Section 40. The last sentence of the first paragraph of Section 40 is deleted and the following sentences are inserted in its place:

Subject to Section 9, above (however Landlord's consent shall not be required simply because the alterations are exterior), and subject to Tenant obtaining all necessary governmental approvals, Tenant may, at its sole cost and expense, install prominent building signage, monument signage and lobby door signage at the Premises. Tenant shall also be entitled to install additional signage in the Common Area, such as directional signage for the benefit of the Premises. If Tenant wishes to install any signage in the Common Area or in a public right-of—way, Landlord agrees to cooperate with Tenant in seeking governmental approval of the proposed signage so long as the same is at Tenant's sole cost and expense and the same does not alter Landlord's overall signage rights for the Complex. All such signage, to the extent of any and all reference to Intuit, shall be removed by Tenant at the expiration or earlier termination of the Lease however Tenant shall not be required to restore such areas to their pre-exiting condition; provided, however, the monuments themselves shall remain at Landlord's sole election.

9. <u>Amendments to Section 43</u>.

A. The following sentence is added to the end of Section 43.N:

Tenant is entitled to install upon the Premises and Common Area adjacent to the Premises and to maintain for the benefit of the Premises its own security systems, including, without limitation, card readers, cameras, and on-site security guards. Unless otherwise expressly agreed to in writing by Landlord, upon the expiration or earlier termination of the Lease, Tenant shall remove all such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items.

B. The following new Subsection P is added to Section 43:

Subject to Section 9, above (however, without waiving the following requirements, Landlord's consent shall not be required simply because patios associated with such alterations are exterior), Tenant has the right to install and operate one or multiple partial or full cafeterias within the Premises for use by its employees, visitors, contractors and guests. This right includes the right to continue using and/or to create outdoor patio areas for use as part of, and in the immediate vicinity of, these cafeterias; provided, however such cafeterias and outdoor use must be in full compliance with all applicable governmental codes and

other governmental requirements and must be consistent with the quality and design of other Common Areas. Such installations may not intrude into the parking area or drive isles of the Common Area.

C. The following new Subsection Q is added to Section 43:

Subject to Section 9, above, and Landlord's consent to the plans and specifications therefore, not to be unreasonably withheld, Tenant shall have the right to install in the Premises or on the Common Areas (but not on any roof) one or more UPS/backup generators to provide backup power for any part of the Premises. Any UPS/backup generator must be installed in accordance with the requirements of any CC&Rs applicable to that portion of the Premises and/or the Common Area and in accordance with all governmental requirements and approvals and must be consistent with the quality and design of other Common Areas.

Upon the expiration or earlier termination of the Lease, Landlord shall have the right to require Tenant to remove such UPS/backup generators and their related equipment or have the same left in place. If Landlord requires Tenant to remove such UPS/backup generators, Tenant shall remove such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items.

D. The following new Subsection R is added to Section 43:

At Tenant's sole cost, Tenant shall have the right to install, operate and maintain one or more satellite dishes, microwave or other type of communication antenna, or other similar device (the "**Equipment**") on any roof of the Premises. There shall be no increase in Base Rent or Additional Rent for this use of any roof in the Premises. The Equipment shall remain the property of Tenant and, unless Landlord expressly agrees otherwise in writing, Tenant shall remove all such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items. If Landlord reasonably believes that the Equipment poses a human

health or environmental hazard that cannot be remediated or has not been remediated within thirty (30) days after Tenant has been notified thereof, then Tenant shall immediately cease all operations of the Equipment and Tenant shall remove all of the Equipment within thirty (30) days thereafter. Tenant shall be responsible for insuring the Equipment and Landlord shall have no responsibility therefor. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord from any and all claims, demands, liabilities, damages, judgments, costs and expenses (including reasonable attorneys' fees) Landlord may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of the Equipment or any portion thereof. If during the Term of the Lease any roofs must be replaced, Tenant shall temporarily remove the Equipment at Tenant's sole expense in order to accommodate such roof replacement.

10. **Amendments to Section 44**. Section 44 (44A and 44B) is deleted in its entirety and replaced with the following:

Tenant, upon no less than twelve (12) months prior written notice to Landlord, which notice may be given any time on or after January 1, 2019 (so long as the Building 3 Termination Effective Date, defined below, occurs prior to December 31, 2024), 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"). 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.

11. **Amendment to Section 45**. Section 45 is deleted in its entirety and replaced with the following:

RIGHT OF FIRST OFFER TO LEASE: 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 three hundred thousand (300,000) 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 one time right of first offer ("**Right of First Offer**") to lease available space in [***](collectively "**Right of First Offer Buildings**"), which may become available for lease as provided below. Notwithstanding

anything herein to the contrary, Tenant's Right of First Offer 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 the execution of this Second Amendment together with any extensions of the leases of the Right of First Offer Buildings that Landlord may enter into with the current tenant of such buildings or its successors or assigns (collectively, the "**Superior Rights**"). [***] In the event the Right of First Offer Buildings, or any portion thereof (such total or any portion of the Right of First Offer Buildings is hereinafter referred to as the "**Available Space**") is to become available, Landlord is required to offer to Tenant the lease of the Available Space before offering such space to any other prospective tenant. By written notice to Tenant, Landlord shall offer the Available Space to Tenant. Landlord's notice shall specify the rent, term, tenant improvement allowance and other similar concessions, and other material business terms for the Available Space. Tenant shall have thirty (30) days from receipt of such offer to accept or reject it by written notice to Landlord. If Tenant accepts the offer, Landlord and Tenant shall use their good faith efforts during the thirty (30) days following Tenant's receipt of Landlord's written form of lease amendment to reach agreement on an amendment of this Lease to add the Available Space to this Lease on the terms set forth in Landlord's written offer to Tenant but otherwise in accordance with the terms of this Lease to the extent applicable.

If Tenant rejects the offer set forth in Landlord's written notice, or, if the parties are unable, using good faith efforts, to agree on the required form of amendment to this Lease within the specified thirty (30) days, Landlord shall be entitled to offer the Available Space to any other prospective tenant, on such terms and conditions as Landlord may elect, provided, however, if Landlord proposes to enter into a Lease of the Available Space with rent, tenant improvements and free rent that is less than 95% of the rent, tenant improvements and free rent offered to Tenant, then Landlord shall be required to re-offer the Available Space to Tenant, pursuant to the process described above, before executing a binding agreement for the Available Space with any other tenant.

Notwithstanding anything in the foregoing to the contrary, at Landlord's option, and in addition to all of Landlord's remedies under the Lease, at law or in equity, the Right of First Offer to Lease hereinabove granted to Tenant shall not be deemed to be properly exercised and shall terminate if Tenant has failed to exercise properly this Right of First Offer to Lease in a timely manner in strict accordance with the provisions of this Section. Tenant's Right of First Offer to Lease is personal to Intuit Inc, and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than Intuit Inc.

Tenant hereby agrees that it will solely be responsible for any and all brokerage commissions and finder's fees payable to Jones Lang LaSalle or any broker representing Tenant in connection with the Right of First Offer to Lease described herein, and Tenant's exercise of the same, and Tenant shall indemnify, defend and hold Landlord free and harmless against any liability, claim, judgment, or

damages with respect thereto, including attorneys' fees and costs. Tenant shall not be responsible for any and all brokerage commissions and finder's fees payable to any broker representing Landlord in connection with the Right of First Offer to Lease described herein, and Landlord shall indemnify, defend and hold Tenant free and harmless against any liability, claim, judgment or damages with respect thereto including attorneys' fees and costs.

12. **New Section 46**. A new Section 46 is added as follows:

46. **RIGHT OF FIRST OFFER TO PURCHASE**. During the term of this Lease, if Landlord, at any time, decides to sell all or any portion of the Premises that Tenant is then occupying, whether separately or as part of a larger package of properties, or, decides to assign or sublease the entire Ground Lease (related to the Premises that Tenant is then occupying) for the remainder of its term, separately or as part of a larger package of properties (any of these, a "**Sale Transaction**"), Landlord shall first deliver to Tenant a notice (the "**Transfer Notice**") that describes the basic terms of the transaction that Landlord desires to undertake (the "**Proposed Transaction**"), the purchase price that Landlord will accept in connection with the Proposed Transaction (the "**Desired Price**"), and the material terms and conditions of the Proposed Transaction.

Tenant shall have [***] days after receipt of a Transfer Notice to deliver a written notice (the "**Acceptance Notice**") to Landlord, pursuant to which Acceptance Notice Tenant agrees to engage in the entire Proposed Transaction (and not merely for properties that are a part of this Lease) at the Desired Price and upon the terms and conditions set forth in the Transfer Notice. The Transfer Notice may contain, at Landlord's option, the actual proposed purchase and sale agreement ("**PSA**").

If Tenant delivers to Landlord an Acceptance Notice within the [***] day period, then Landlord and Tenant shall use their good faith efforts during the [***] days following [***] to reach agreement on the terms of a Purchase and Sale Agreement with respect to the property described in the Transfer Notice on the terms and conditions set forth in the Transfer Notice and on such other terms and conditions as are customary in the market at that time.

The form of PSA provided by Landlord to Tenant shall provide Tenant with not fewer than [***].

Tenant's acquisition shall be subject to Tenant's required corporate approval of the transaction, however, any such approvals shall be obtained and delivered to Landlord in writing not later than the Acceptance Notice.

If Tenant fails to timely provide an Acceptance Notice, Landlord may sell the property described in the Transfer Notice to any other party so long as the price not less than ninety-five percent (95%) of the Desired Price; provided, however, that if Landlord desires to sell such property for a purchase price less than ninety-

five percent (95%) of the Desired Price, then Landlord shall deliver to Tenant an additional Transfer Notice (with the revised Desired Price) whereupon Tenant shall have the right and option to purchase the property set forth in the Transfer Notice for the revised Desired Price, pursuant to the procedures set forth above. If Tenant fails to provide an Acceptance Notice within the applicable period and Landlord subsequently consummates the Proposed Transaction substantially on the terms contained in the Transfer Notice and for a price not less than ninety-five percent (95%) of the Desired Price, Tenant's rights hereunder shall automatically terminate.

Notwithstanding anything in the foregoing to the contrary, at Landlord's option, and in addition to all of Landlord's remedies under the Lease, at law or in equity, the Right of First Offer to Purchase hereinabove granted to Tenant shall not be deemed to be properly exercised and shall terminate if any of the following events occur or any combination thereof occur: (i) Tenant is in default of the performance of any of the covenants, conditions or agreements to be performed under the Lease beyond applicable notice and cure periods; and/or (ii) [***] (iii) Tenant has failed to exercise properly this Right of First Offer to Purchase in a timely manner in strict accordance with the provisions of this Section. Tenant's Right of First Offer to Purchase is personal to Intuit Inc, and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than Intuit Inc, and shall only be available to and exercisable by Intuit Inc [***].

Tenant hereby agrees that it will solely be responsible for any and all brokerage commissions and finder's fees payable to Jones Lang LaSalle or any broker representing Tenant in connection with the Right of First Offer to Purchase described herein, and Tenant's exercise of the same, and Tenant shall indemnify, defend and hold Landlord free and harmless against any liability, claim, judgment, or damages with respect thereto, including attorneys' fees and costs. Tenant shall not be responsible for any and all brokerage commissions and finder's fees payable to any broker representing Landlord in connection with the Right of First Offer to purchase described herein, and Landlord shall indemnify, defend and hold Tenant free and harmless against any liability, claim, judgment or damages with respect thereto including attorneys' fees and costs.

Notwithstanding the foregoing, sales or other transfers may be made to the following persons/entities without any such sale or transfer being a "Sale Transaction" as set forth above (such that the same does not trigger the Right of First Offer to Purchase): (i) testamentary or inter vivos transfers to any partner of Landlord, or to the issue of any ancestors of any deceased or living partner of Landlord; and/or (ii) to a trust or other entity whose life or term beneficiaries or owners consist of a spouse, ancestor and/or issue of any ancestors of any deceased or living partner of Landlord.

13. Effect of Second Amendment. Except as amended by this Second Amendment, all terms, covenants, conditions and provisions of the Lease shall continue in full force and effect.

14. <u>Definitions</u>. Unless otherwise defined in this Second Amendment, all terms not defined in this Second Amendment shall have the meanings assigned to such terms in the Original Lease.

15. <u>Authority</u>. Subject to the assignment and subletting provisions of the Original Lease, this Second Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns. Each party hereto and the persons signing below warrant that the person signing below on such party's behalf is authorized to do so and to bind such party to the terms of this Second Amendment.

16. <u>Brokers</u>. Tenant shall be solely responsible for payment of a leasing commission, if any, owed to Jones Lang LaSalle or any other broker representing Tenant in connection with this Second Amendment. Tenant shall not be responsible for payment of any leasing commission, if any, owed to any broker representing Landlord in connection with this Second Amendment.

17. <u>Miscellaneous</u>.

(a) Counterparts. This Second Amendment may be signed in two or more counterparts. When at least one such counterpart has been signed by each party, this Second Amendment shall be deemed to have been fully executed and each counterpart shall be deemed to be an original and all counterparts taken together shall be one and the same Second Amendment.

(b) Fax/E-mail Signatures. This Second Amendment may be signed by faxed and/or e-mailed signatures and fax or e-mail signatures hereon shall be deemed originals for all purposes.

(c) Incorporation. This Second Amendment is incorporated into the Original Lease by reference and all terms and conditions of the Original Lease (except as expressly modified herein) are incorporated into this Second Amendment by reference.

(d) Neutral Interpretation. This Second Amendment shall be interpreted neutrally between the parties regardless of which party drafted or caused to be drafted this Second Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have executed and delivered this Second Amendment and it shall be effective as of the date first written above:

LANDLORD:		**TENANT:**	
CHARLESTON PROPERTIES		INTUIT INC,	
a California General Partnership		a Delaware Corporation	
By:	/s/ Boyd C. Smith	By:	/s/ R. Neil Williams
Title:	Managing Partner	Title:	CFO
Date:	1/21/11	Date:	1/21/11

EXHIBIT A

APPROVED CONCEPTUAL DRAWINGS FOR EXTERIOR IMPROVEMENTS

ALTERATION CONCEPTS, SITE MASTER PLAN

EXHIBIT B

PARKING DESIGN AND LAYOUT AS OF JANUARY 1, 2011

Exhibit 10.03

Pursuant to 17 C.F.R. § 240.24b-2, confidential information (indicated by [***]) has been omitted and has been filed separately with the U.S. Securities Exchange Commission pursuant to a Confidential Treatment Application filed with the Commission.

THIRD AMENDMENT TO LEASE AGREEMENT

THIS THIRD AMENDMENT TO LEASE AGREEMENT ("**Third Amendment**") is dated January 20, 2011 ("**Reference Date**"), for reference purposes only, and is effective as of January 1, 2011 ("**Effective Date**"), and is entered into by and between Charleston Properties, a California general partnership ("**Landlord**") and Intuit Inc, a Delaware corporation ("**Tenant**") with reference to the following facts and recitals.

RECITALS:

A. Landlord and Tenant are parties to a Lease Agreement [Phase 2-Buildings A-F] dated July 31, 2003 for approximately 205,613 rentable square feet (the "**Original Lease**").

B. The original Lease was amended by that certain First Amendment to Lease Agreement [Phase 2 — Buildings A-F] dated June 29, 2005, (**"First Amendment"**), that certain letter agreement dated July 18, 2005 (the **"Letter Amendment"**) and that certain Second Amendment to Lease Agreement dated May 25, 2008 [Phase 2 — Buildings A-F] (the **"Second Amendment"**).

C. The Letter Amendment added Building A — 2600 Casey Avenue and the 38,527 square feet of Building A to the Premises. The Second Amendment added Building F — 2593 Coast Expansion Building and the 29,155 square feet of Building F to the Premises. As of the date of this Third Amendment, the Premises contain a total of 273,295 square feet.

D. The Original Lease, as amended by the First Amendment, the Letter Amendment, the Second Amendment and by this Third Amendment, shall be referred to herein as the **"Lease"**.

E. Landlord and Tenant now wish to extend the term of the Lease and make certain other changes to the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Third Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant covenant and agree as follows:

1. Amendments to Section 1.

To correct a typographical error, Section 1.A.(i) is deleted in its entirety and replaced

with the following:

(i) approximately 41,366 rentable square feet located at 2650 Casey Avenue, Mountain View, California known by Landlord as Building B (and known by Tenant as Building 8) and hereafter referred to as “Building “B” — 2650 Casey.” The rentable square footage shall be deemed to equal 41,366 rentable square feet regardless of the actual square footage. Any references elsewhere in the Lease to 2650 Coast shall be replaced with 2650 Casey.

2. <u>Amendments to Section 2</u>.

A. The Lease term (“**Term**”) set forth in Section 2.A. is hereby extended so that the Lease term now expires on December 31, 2026.

B. The first full paragraph of Section 2.C. is deleted in its entirety and replaced with the following:

> 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 three hundred thousand (300,000) rentable square feet of the Total Premises, and subject to the terms and conditions set forth hereafter, Tenant is hereby granted the option (“**Option**”) to extend the term of this Lease for the Premises (as constituted as of commencement date of any Option Period) leased hereunder for one (1) ten (10) year period (“**Option Period**”). Tenant shall notify Landlord in writing of Tenant’s exercise of its option to extend the Lease no later than the earlier of (a) ninety days following Landlord’s notification to Tenant of the rent increase method Landlord shall use for the option period as set forth in Section 2.C.1, below, or (b) fifteen (15) months prior to the Lease expiration date. This Lease shall be extended for a period of ten (10) years commencing upon the day after the then expiring Lease term and shall expire ten (10) years later. The monthly Base Rent during the Option Period shall be as set forth in Paragraph 2.C.1 below. Tenant’s exercise of the option granted herein shall also be deemed an exercise of the option to extend the term of the Phase 1 Lease pursuant to the terms of the Phase 1 Lease.

C. Section 2.C.1 is deleted in its entirety and replaced with the following:

> The Base Rent for the Option Period shall be either: (i) [***]; or, (ii) [***]If Landlord determines that the Base Rent for[***] then[***] and the method for [***]as well as the [***]If Landlord determines that the Base Rent for [***]then over the term of [***].

3. <u>Amendments to Section 4.</u>

A. Section 4.A is amended by deleting the periods from and after January 1, 2011 and replacing them with the following:

YEAR	PERIOD	BASE MONTHLY RENT
Year 1	January 1, 2011 — December 31, 2011	$[***] ($[***]/SF)
Year 2	January 1, 2012 — December 31, 2012	$[***] ($[***]/SF)
Year 3	January 1, 2013 — December 31, 2013	$[***] ($[***]/SF)
Year 4	January 1, 2014 — December 31, 2014	$[***] ($[***]/SF)
Year 5	January 1, 2015 — December 31, 2015	$[***] ($[***]/SF)
Year 6*	January 1, 2016* — December 31, 2016	$[***] ($[***]/SF)
Year 7	January 1, 2017 — December 31, 2017	$[***] ($[***]/SF)
Year 8	January 1, 2018 — December 31, 2018	$[***] ($[***]/SF)
Year 9	January 1, 2019 — December 31, 2019	$[***] ($[***]/SF)
Year 10	January 1, 2020 — December 31, 2020	$[***] ($[***]/SF)
Years 11-16**	January 1, 2021 — December 31, 2026	**

* On January 1, 2016, the Base Rent shall [***]. If the [***] then the annual Base Rent [***] shall [***].

> For example, if the [***] then the [***] . In this example, the [***].

** On January 1, 2021, the Base Rent shall [***]. In either case, the annual Base Rent [***].

B. Section 4. E. 6 (Earthquake Insurance Expense Limitation) is deleted in its entirety and replaced with the following:

Landlord agrees that Tenant shall be entitled to purchase earthquake insurance for the Premises rather than Landlord purchasing such insurance and Tenant reimbursing Landlord therefor as Additional Rent. Any such coverage obtained by Tenant shall have comparable coverage and deductibles as the earthquake insurance typically purchased by Landlord for the Premises, shall name Landlord as the primary insured, and shall otherwise be subject to Landlord's reasonable approval including the carrier.

C. Section 4.F is deleted in its entirety and replaced with the following:

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 3130 Alpine Road, Suite 190, Portola Valley, California 94028, 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. Notwithstanding the foregoing, Base Rent and Additional Rent may also be paid by Electronic Funds Transfer. All payments must actually be received by their due date.

4. Amendment to Section 6. The following is added to Section 6:

Tenant may make alterations to the Common Area and the Premises as are depicted on the conceptual drawings attached to this Third Amendment as **Exhibit A**. Tenant shall be responsible for obtaining all governmental approvals necessary for such work. No governmental approval for the work shall result in the reduction of the total number of parking spaces permitted for the Total Premises, nor shall it result in any change in the ratio of parking spaces required for the Total Premises. Landlord has approved the conceptual drawings, attached, and agrees that it will not withhold its consent to any final plans for such alterations provided they are consistent with the approved conceptual plans and that the construction for such renovations are performed with the necessary governmental approvals and permits. Notwithstanding the forgoing, if any such alterations referred to in this subparagraph involve the structural integrity of the Premises or a Building, the consent requirements of Section 9.A. will apply to such specific alterations. Furthermore, all other applicable provisions of Section 9.A. (i.e., all provisions applying to alterations whether or not they are structural) apply to the alterations referred to in this subparagraph.

If any exterior alterations or modifications are made to the Total Premises that alter the parking configuration or parking area (including but not limited to the addition or alteration of walkways, landscaping, drive aisles, parking stalls, or outdoor amenities which alter the parking configuration or parking area), Landlord may request in writing that the parking configuration and area be returned to it's current design and layout as of January 1, 2011, as such is set forth on **Exhibit B** attached hereto. No earlier than 12 months prior and no later than 7 months prior to the Termination of the Lease Term, Tenant shall request in writing whether Landlord shall require Tenant to have such parking areas and configuration restored to its January 1, 2011 design and layout. Once Landlord has received Tenant's written request, Landlord shall respond to Tenant's written request no later than 6 months prior to the Termination of the Lease Term, and shall inform Tenant as to whether or not Landlord shall require Tenant to restore such parking areas to their January 1, 2011 design and layout. If Tenant fails to provide proper written notice to Landlord as set forth above, Tenant shall be required to restore such parking areas to their January 1, 2011 design and layout. If Landlord fails to respond to Tenant's request as required above, Tenant shall not be required to restore such parking areas to the January 1, 2011 design and layout.

Other than the restoration requirements described above which are applicable to alterations which alter the parking configuration or parking area, the alterations shown on

Exhibit A shall be subject to the same restoration requirements as are described in Section 9.D.1.

5. Amendments to Section 9.

A. Section 9.A. is deleted in its entirety and replaced with the following:

Alterations: Subject to the following, Tenant may make any alterations or additions to the Premises, without the consent of Landlord, which do not affect the structural integrity of the Premises or a Building (including, without limitation altering a structural member of the Building or placing excessive loads on any floor or roof) or the external appearance of a Building. Prior to commencing any such Alterations which could potentially affect the structural integrity of the Premises or a Building, Tenant shall provide to Landlord a report of a licensed structural engineer providing an opinion as to whether such Alteration shall affect the structural integrity of the Premises or the Building. Any alterations or additions which could affect the structural integrity of the Premises or a Building, or, the external appearance of a Building shall require Landlord's prior written consent such consent not to be unreasonably withheld or delayed. Any alterations or additions except moveable furniture and trade fixtures, shall at once become a part of the Premises and belong to Landlord. Any and all alteration or additions shall be made at Tenant's sole cost and expense. Any modifications to the Premises, Building, Building systems, or any other property owned by Landlord that are required by governmental code, or otherwise, as a result of Tenant's alterations or additions shall be made at Tenant's sole cost and expense. Tenant shall retain title to all moveable furniture and trade fixtures. 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 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 $1,000,000.00. Tenant further covenants and agrees that any mechanic's liens filed against the Premises or against the Building or 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. Within thirty (30) days of the completion of any alterations or additions by Tenant, Tenant shall provide Landlord with "As Built" plans depicting the actual condition of the portion of the Premises which have been altered. Any

exceptions to the foregoing must be made in writing and executed by both Landlord and Tenant. (The As Built plans will include an available hard set of plans as well as the CAD Drawings)

B. Section 9.D. is deleted in its entirety and replaced with the following:

Restoration: For any alterations or additions which Tenant constructs after January 1, 2019, Tenant must inform Landlord of such alterations or additions prior to the construction of such alterations or additions and must request in writing whether or not Landlord will require Tenant to remove such alterations or additions upon the expiration or earlier termination of the Lease and restore the Premises to the condition existing prior to such alterations or additions. If Tenant fails to so notify Landlord in writing of such alterations or additions, upon the expiration or earlier termination of the Lease, Tenant must remove such alterations or additions and must restore the Premises to the condition existing prior to such alterations or additions. The notice of Tenant shall provide Landlord with a detailed description and depiction of such alterations or additions. Once such notice and detailed description and depiction has been received by Landlord, Landlord shall be required to respond to Tenant's request within fifteen (15) business days. If Tenant's written notice complies with the foregoing and if Landlord fails to notify Tenant whether Tenant shall be required to remove the subject alteration or addition at the expiration or earlier termination of this Lease, it shall be assumed that Landlord shall not require the removal of the subject alteration or addition.

1. Alterations Performed by Tenant Prior to January 1, 2019: Landlord agrees to accept all alterations or additions performed by Tenant upon the Premises prior to January 1, 2019, including, without limitation, all alterations and additions performed by Tenant upon the Premises prior to the Effective Date, and Tenant shall not be required to remove such alterations or additions upon the expiration or earlier termination of the Lease. Landlord's acceptance of all alterations or additions performed prior to January 1, 2019 is not a waiver by Landlord of the requirements, applicable to such alterations and additions, of Sections 9A, 9B, and 9C, including, by way of example, the requirement that Tenant timely deliver to Landlord "As Built" plans as set forth in Section 9B.

6. <u>Amendment to Section 26</u>. A new Subsection E is added to Section 26 as follows:

E. **Confirming Subsection C**. Landlord represents and warrants to Tenant that as of the date of this Third Amendment all of Landlord's statements set forth in Section 26.C. remain true and correct. Landlord acknowledges that Tenant is planning, and may proceed, with spending substantial amounts of money to renovate the Premises and that this will be done in reliance on the continuing existence of the Ground Lease, without default or termination, for the full term of this Lease and during the period of any options to extend the term which Tenant

may choose to exercise. Landlord confirms that it will use commercially reasonable efforts to obtain from the ground lessor a non-disturbance and recognition agreement for the benefit of Tenant in a commercially reasonable form. Tenant acknowledges this non-disturbance and recognition agreement may not be obtained, if at all, until after the date of this Third Amendment.

7. Amendment to Section 40. The last sentence of the first paragraph of Section 40 is deleted and the following sentences are inserted in its place:

Subject to Section 9, above (however Landlord's consent shall not be required simply because the alterations are exterior), and subject to Tenant obtaining all necessary governmental approvals, Tenant may, at its sole cost and expense, install prominent building signage, monument signage and lobby door signage at the Premises. Tenant shall also be entitled to install additional signage in the Common Area, such as directional signage for the benefit of the Premises. If Tenant wishes to install any signage in the Common Area or in a public right-of—way, Landlord agrees to cooperate with Tenant in seeking governmental approval of the proposed signage so long as the same is at Tenant's sole cost and expense and the same does not alter Landlord's overall signage rights for the Complex. All such signage, to the extent of any and all reference to Intuit, shall be removed by Tenant at the expiration or earlier termination of the Lease however Tenant shall not be required to restore such areas to their pre-exiting condition; provided, however, the monuments themselves shall remain at Landlord's sole election.

8. Amendments to Section 43.

A. The following sentence is added to the end of Section 43.N:

Tenant is entitled to install upon the Premises and Common Area adjacent to the Premises and to maintain for the benefit of the Premises its own security systems, including, without limitation, card readers, cameras, and on-site security guards. Unless otherwise expressly agreed to in writing by Landlord, upon the expiration or earlier termination of the Lease, Tenant shall remove all such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items.

B. The following new Subsection P is added to Section 43:

Subject to Section 9, above (however, without waiving the following requirements, Landlord's consent shall not be required simply because patios associated with such alterations are exterior), Tenant has the right to install and operate one or multiple partial or full cafeterias within the Premises for use by its

employees, visitors, contractors and guests. This right includes the right to continue using and/or to create outdoor patio areas for use as part of, and in the immediate vicinity of, these cafeterias; provided, however such cafeterias and outdoor use must be in full compliance with all applicable governmental codes and other governmental requirements and must be consistent with the quality and design of other Common Areas. Such installations may not intrude into the parking area or drive isles of the Common Area.

C. The following new Subsection Q is added to Section 43:

Subject to Section 9, above, and Landlord's consent to the plans and specifications therefore, not to be unreasonably withheld, Tenant shall have the right to install in the Premises or on the Common Areas (but not on any roof) one or more UPS/backup generators to provide backup power for any part of the Premises. Any UPS/backup generator must be installed in accordance with the requirements of any CC&Rs applicable to that portion of the Premises and/or the Common Area and in accordance with all governmental requirements and approvals and must be consistent with the quality and design of other Common Areas.

Upon the expiration or earlier termination of the Lease, Landlord shall have the right to require Tenant to remove such UPS/backup generators and their related equipment or have the same left in place. If Landlord requires Tenant to remove such UPS/backup generators, Tenant shall remove such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items.

D. The following new Subsection R is added to Section 43:

At Tenant's sole cost, Tenant shall have the right to install, operate and maintain one or more satellite dishes, microwave or other type of communication antenna, or other similar device (the "**Equipment**") on any roof of the Premises. There shall be no increase in Base Rent or Additional Rent for this use of any roof in the Premises. The Equipment shall remain the property of Tenant and, unless Landlord expressly agrees otherwise in writing, Tenant shall remove all such items, restore such areas to their pre-existing condition, and surrender the Premises in accordance with Section 8 of the Lease, which shall include but shall not be limited to, repairing any damage caused by Tenant's installation and removal of such items. If Landlord reasonably believes that the Equipment poses a human health or environmental hazard that cannot be

remediated or has not been remediated within thirty (30) days after Tenant has been notified thereof, then Tenant shall immediately cease all operations of the Equipment and Tenant shall remove all of the Equipment within thirty (30) days thereafter. Tenant shall be responsible for insuring the Equipment and Landlord shall have no responsibility therefor. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord from any and all claims, demands, liabilities, damages, judgments, costs and expenses (including reasonable attorneys' fees) Landlord may suffer or incur arising out of or related to the installation, use, operation, maintenance, replacement and/or removal of the Equipment or any portion thereof. If during the Term of the Lease any roofs must be replaced, Tenant shall temporarily remove the Equipment at Tenant's sole expense in order to accommodate such roof replacement.

9. New Section 46. A new Section 46 is added as follows:

46. **RIGHT OF FIRST OFFER TO PURCHASE**. During the term of this Lease, if Landlord, at any time, decides to sell all or any portion of the Premises that Tenant is then occupying, whether separately or as part of a larger package of properties, or, decides to assign or sublease the entire Ground Lease (related to the Premises that Tenant is then occupying) for the remainder of its term, separately or as part of a larger package of properties (any of these, a "**Sale Transaction**"), Landlord shall first deliver to Tenant a notice (the "**Transfer Notice**") that describes the basic terms of the transaction that Landlord desires to undertake (the "**Proposed Transaction**"), the purchase price that Landlord will accept in connection with the Proposed Transaction (the "**Desired Price**"), and the material terms and conditions of the Proposed Transaction.

Tenant shall have [***] days after receipt of a Transfer Notice to deliver a written notice (the "**Acceptance Notice**") to Landlord, pursuant to which Acceptance Notice Tenant agrees to engage in the entire Proposed Transaction (and not merely for properties that are a part of this Lease) at the Desired Price and upon the terms and conditions set forth in the Transfer Notice. The Transfer Notice may contain, at Landlord's option, the actual proposed purchase and sale agreement ("**PSA**").

If Tenant delivers to Landlord an Acceptance Notice within the [***] day period, then Landlord and Tenant shall use their good faith efforts during the [***] days [***] which [***] days shall not, in any event, [***] to reach agreement on the terms of a Purchase and Sale Agreement with respect to the property described in the Transfer Notice on the terms and conditions set forth in the Transfer Notice and on such other terms and conditions as are customary in the market at that time.

The form of PSA provided by Landlord to Tenant shall provide Tenant with [***] days [***] .

Tenant's acquisition shall be subject to Tenant's required corporate approval of the

transaction, however, any such approvals shall be obtained and delivered to Landlord in writing not later than the Acceptance Notice.

If Tenant fails to timely provide an Acceptance Notice, Landlord may sell the property described in the Transfer Notice to any other party so long as the price is not less than ninety-five percent (95%) of the Desired Price; provided, however, that if Landlord desires to sell such property for a purchase price less than ninety-five percent (95%) of the Desired Price, then Landlord shall deliver to Tenant an additional Transfer Notice (with the revised Desired Price) whereupon Tenant shall have the right and option to purchase the property set forth in the Transfer Notice for the revised Desired Price, pursuant to the procedures set forth above. If Tenant fails to provide an Acceptance Notice within the applicable period and Landlord subsequently consummates the Proposed Transaction substantially on the terms contained in the Transfer Notice and for a price not less than ninety-five percent (95%) of the Desired Price, Tenant's rights hereunder shall automatically terminate.

Notwithstanding anything in the foregoing to the contrary, at Landlord's option, and in addition to all of Landlord's remedies under the Lease, at law or in equity, the Right of First Offer to Purchase hereinabove granted to Tenant shall not be deemed to be properly exercised and shall terminate if any of the following events occur or any combination thereof occur: (i) Tenant is in default of the performance of any of the covenants, conditions or agreements to be performed under the Lease beyond applicable notice and cure periods; and/or (ii) [***] ; and/or (iii) Tenant has failed to exercise properly this Right of First Offer to Purchase in a timely manner in strict accordance with the provisions of this Section. Tenant's Right of First Offer to Purchase is personal to Intuit Inc, and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than Intuit Inc, and shall only be available to and exercisable by Intuit Inc [***] .

Tenant hereby agrees that it will solely be responsible for any and all brokerage commissions and finder's fees payable to Jones Lang LaSalle or any broker representing Tenant in connection with the Right of First Offer to Purchase described herein, and Tenant's exercise of the same, and Tenant shall indemnify, defend and hold Landlord free and harmless against any liability, claim, judgment, or damages with respect thereto, including attorneys' fees and costs. Tenant shall not be responsible for any and all brokerage commissions and finder's fees payable to any broker representing Landlord in connection with the Right of First Offer to purchase described herein, and Landlord shall indemnify, defend and hold Tenant free and harmless against any liability, claim, judgment or damages with respect thereto including attorneys' fees and costs.

Notwithstanding the foregoing, sales or other transfers may be made to the following persons/entities without any such sale or transfer being a "Sale Transaction" as set forth above (such that the same does not trigger the Right of First Offer to Purchase): (i) testamentary or inter vivos transfers to any partner of Landlord, or to the issue of any ancestors of any deceased or living partner of Landlord; and/or (ii) to a trust or other entity whose life or term beneficiaries or owners consist of a spouse, ancestor and/or issue of any ancestors of any deceased or living partner of Landlord.

10. Effect of Third Amendment. Except as amended by this Third Amendment, all terms, covenants, conditions and provisions of the Lease shall continue in full force and effect.

11. Definitions. Unless otherwise defined in this Third Amendment, all terms not defined in this Third Amendment shall have the meanings assigned to such terms in the Lease.

12. Authority. Subject to the assignment and subletting provisions of the Lease, this Third Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns. Each party hereto and the persons signing below warrant that the person signing below on such party's behalf is authorized to do so and to bind such party to the terms of this Third Amendment.

13. Brokers. Tenant shall be solely responsible for payment of a leasing commission, if any, owed to Jones Lang LaSalle or any other broker representing Tenant in connection with this Third Amendment. Tenant shall not be responsible for payment of any leasing commission, if any, owed to any broker representing Landlord in connection with this Third Amendment.

14. Miscellaneous.

(a) Counterparts. This Third Amendment may be signed in two or more counterparts. When at least one such counterpart has been signed by each party, this Third Amendment shall be deemed to have been fully executed and each counterpart shall be deemed to be an original and all counterparts taken together shall be one and the same Third Amendment.

(b) Fax/E-mail Signatures. This Third Amendment may be signed by faxed and/or e-mailed signatures and fax or e-mail signatures hereon shall be deemed originals for all purposes.

(c) Incorporation. This Third Amendment is incorporated into the Lease by reference and all terms and conditions of the Lease (except as expressly modified herein) are incorporated into this Third Amendment by reference.

(d) Neutral Interpretation. This Third Amendment shall be interpreted neutrally between the parties regardless of which party drafted or caused to be drafted this Third Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have executed and delivered this Third Amendment and it shall be effective as of the date first written above:

LANDLORD:
CHARLESTON PROPERTIES
a California General Partnership

By: /s/ Boyd C. Smith
Title: Managing Partner
Date: 1/21/11

TENANT:
INTUIT INC,
a Delaware Corporation

By: /s/ R. Neil Williams
Title: CFO
Date: 1/21/11

EXHIBIT A

APPROVED CONCEPTUAL DRAWINGS FOR EXTERIOR IMPROVEMENTS

ALTERATION CONCEPTS, SITE MASTER PLAN

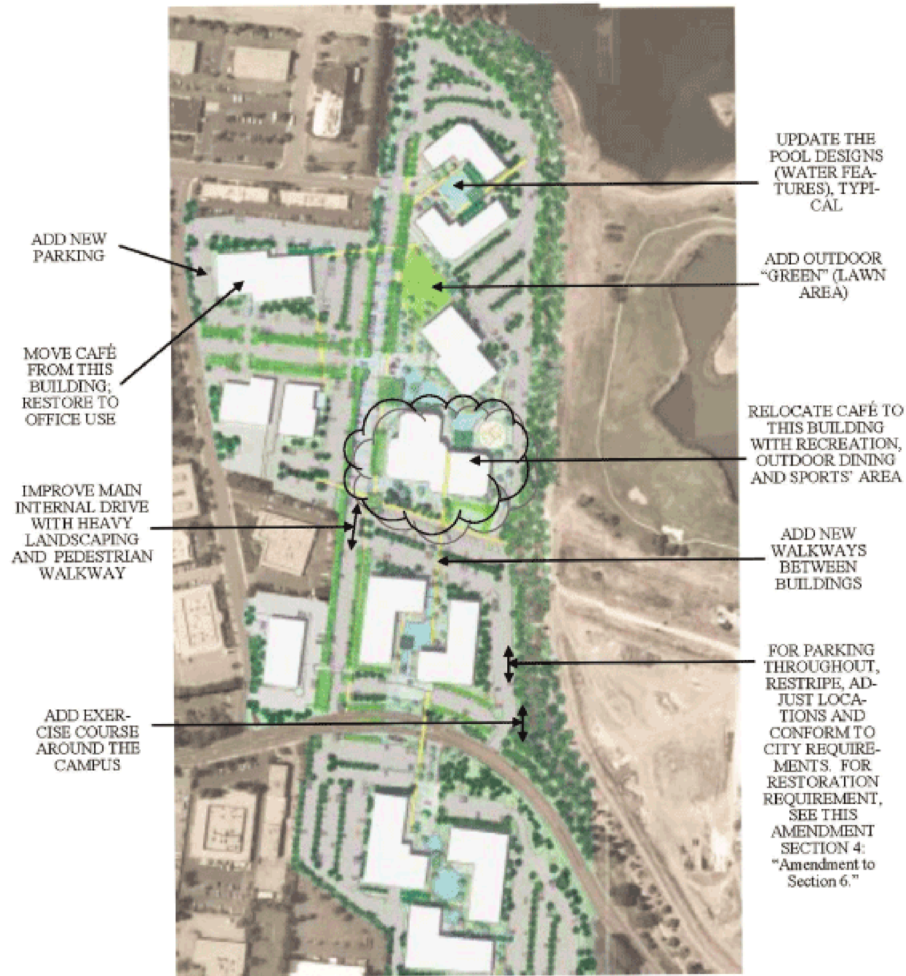

EXHIBIT B

PARKING DESIGN AND LAYOUT AS OF JANUARY 1, 2011

Exhibit 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)

I, Brad D. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. 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

    d. 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 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 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 controls 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: March 1, 2011

By: /s/ Brad D. Smith
Brad D. Smith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)

I, R. Neil Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. 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
    d. 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 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 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: March 1, 2011

By: /s/ R. NEIL WILLIAMS
R. Neil Williams
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

**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 Quarterly Report of Intuit Inc. (the “Company”) on Form 10-Q for the quarter ended January 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Brad D. Smith, 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/ BRAD D. SMITH
Brad D. Smith
President and Chief Executive Officer

Date: March 1, 2011

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.02

**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 Quarterly Report of Intuit Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), R. Neil Williams, 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:

(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/ R. Neil Williams
R. Neil Williams
Senior Vice President and Chief Financial Officer

Date: March 1, 2011

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.