UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **April 30, 2004** or

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

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

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

2535 Garcia Avenue, Mountain View, CA 94043

(Address of principal executive offices)

(650) 944-6000

(Registrant's telephone number, including area code)

Indicate by a check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by a check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

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

Approximately 191,552,373 shares of Common Stock, $0.01 par value, as of May 31, 2004

INTUIT INC.
FORM 10-Q
INDEX

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Table of Contents

PART I

ITEM 1 FINANCIAL STATEMENTS

INTUIT INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands; unaudited)	July 31, 2003	April 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 170,043	$ 18,520
Short-term investments	1,036,758	1,159,976
Payroll customer deposits	306,007	323,022
Accounts receivable, net	88,156	138,446
Deferred income taxes	34,824	35,574
Prepaid expenses and other current assets	33,082	51,904
Total current assets	1,668,870	1,727,442
Property and equipment, net	188,253	215,825
Goodwill, net	591,091	689,800
Purchased intangible assets, net	125,445	113,687
Long-term deferred income taxes	183,061	183,061
Loans to executive officers and other employees	19,690	16,799
Other assets	13,857	17,254
Total assets	$2,790,267	$ 2,963,868
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 56,786	$ 77,905
Accrued compensation and related liabilities	118,678	113,594
Payroll service obligations	306,007	323,022
Deferred revenue	178,840	152,721
Income taxes payable	76,725	188,329
Other current liabilities	59,129	145,176
Total current liabilities	796,165	1,000,747
Long-term obligations	29,265	17,767
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	1,921,554	1,947,213
Treasury stock, at cost	(672,326)	(1,016,986)
Deferred compensation	(25,850)	(20,247)
Accumulated other comprehensive income (loss)	(789)	(4,102)
Retained earnings	742,248	1,039,476
Total stockholders' equity	1,964,837	1,945,354
Total liabilities and stockholders' equity	$2,790,267	$ 2,963,868

See accompanying notes.

Table of Contents

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts; unaudited)	Three Months Ended April 30, 2003	Three Months Ended April 30, 2004	Nine Months Ended April 30, 2003	Nine Months Ended April 30, 2004
Net revenue:				
Product	$371,144	$374,555	$ 971,018	$1,044,783
Service	246,453	320,528	384,564	496,637
Other	17,101	17,870	50,064	50,350
Total net revenue	634,698	712,953	1,405,646	1,591,770
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	46,023	47,034	145,797	144,947
Cost of service revenue	37,035	43,049	113,204	121,357
Cost of other revenue	5,648	5,988	15,402	19,661
Amortization of purchased software	3,662	3,422	10,157	10,035
Customer service and technical support	46,044	48,847	141,265	153,053
Selling and marketing	83,108	95,710	255,725	295,299
Research and development	62,002	71,167	192,209	215,831
General and administrative	34,243	44,214	112,264	136,040
Charge for purchased research and development	—	—	8,859	—
Acquisition-related charges	8,406	6,391	27,015	19,220
Total costs and expenses	326,171	365,822	1,021,897	1,115,443
Income from continuing operations	308,527	347,131	383,749	476,327
Interest and other income	8,193	4,774	24,749	19,434
Gains on marketable securities and other investments, net	7,014	107	10,094	344
Income from continuing operations before income taxes	323,734	352,012	418,592	496,105
Income tax provision	100,766	87,979	130,702	136,971
Net income from continuing operations	222,968	264,033	287,890	359,134
Discontinued operations, net of income taxes:				
Gain on disposal of Quicken Loans discontinued operations	—	—	5,556	—
Net income from Intuit KK discontinued operations	—	—	3,267	—
Gain on disposal of Intuit KK discontinued operations	71,009	—	71,009	—
Net income from discontinued operations	71,009	—	79,832	—
Net income	$293,977	$264,033	$ 367,722	$ 359,134
Basic net income per share from continuing operations	$ 1.08	$ 1.36	$ 1.39	$ 1.82
Basic net income per share from discontinued operations	0.35	—	0.39	—
Basic net income per share	$ 1.43	$ 1.36	$ 1.78	$ 1.82
Shares used in basic per share amounts	205,709	194,517	206,452	196,976
Diluted net income per share from continuing operations	$ 1.06	$ 1.33	$ 1.35	$ 1.78
Diluted net income per share from discontinued operations	0.34	—	0.38	—
Diluted net income per share	$ 1.40	$ 1.33	$ 1.73	$ 1.78
Shares used in diluted per share amounts	210,448	198,748	212,446	202,113

See accompanying notes.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands; unaudited)	Nine Months Ended April 30, 2003	Nine Months Ended April 30, 2004
Cash flows from operating activities:		
Net income from continuing operations	$ 287,890	$ 359,134
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Acquisition-related charges	27,015	19,220
Amortization of purchased software	10,157	10,035
Amortization of other purchased intangible assets	1,217	4,381
Charge for purchased research and development	8,859	—
Amortization of deferred compensation not related to acquisitions	1,900	4,674
Depreciation	55,076	57,340
Loss on disposal of property and equipment	2,348	2,391
Gain on foreign exchange transactions	(4,152)	(3,568)
Net gains from marketable securities and other investments	(10,094)	(344)
Deferred income taxes	2,627	—
Tax benefit from employee stock options	41,718	25,963
Subtotal	424,561	479,226
Changes in operating assets and liabilities:		
Accounts receivable	(63,020)	(48,724)
Income taxes receivable	2,187	—
Prepaid expenses and other current assets	20,236	(15,556)
Accounts payable	1,775	19,123
Accrued compensation and related liabilities	28,327	(5,152)
Deferred revenue	(24,629)	(26,199)
Income taxes payable	123,203	111,700
Other current liabilities	65,758	83,927
Total changes in operating assets and liabilities	153,837	119,119
Net cash provided by operating activities	578,398	598,345
Cash flows from investing activities:		
Purchases of short-term investments	(1,800,873)	(2,753,068)
Liquidation and maturity of short-term investments	1,542,247	2,627,939
Proceeds from the sale of marketable securities	37,396	—
Payroll customer deposits	(24,761)	(17,015)
Purchases of property and equipment	(70,592)	(86,206)
Change in other assets	(2,805)	(125)
Payroll service obligations	24,722	17,015
Acquisitions of businesses, net of cash acquired	(215,964)	(120,710)
Net cash used in investing activities	(510,630)	(332,170)
Cash flows from financing activities:		
Change in long-term obligations	(3,952)	(11,144)
Net proceeds from issuance of common stock under stock plans	125,643	104,890
Purchase of treasury stock	(498,546)	(511,501)
Net cash used in financing activities	(376,855)	(417,755)
Net cash provided by discontinued operations	341,372	—
Effect of exchange rates on cash and cash equivalents	3,246	57
Net increase (decrease) in cash and cash equivalents	35,531	(151,523)
Cash and cash equivalents at beginning of period	408,948	170,043
Cash and cash equivalents at end of period	$ 444,479	$ 18,520

See accompanying notes.

INTUIT INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Summary of Significant Accounting Policies

Basis of Presentation

The 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. We have reclassified certain other amounts previously reported in our financial statements to conform to the current presentation. We sold our Quicken Loans mortgage business in July 2002 and our Japanese subsidiary, Intuit KK, in February 2003 and accounted for the sales of these businesses as discontinued operations. Accordingly, we have reclassified our financial statements for all periods presented to reflect Quicken Loans and Intuit KK as discontinued operations. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

We have included all normal recurring adjustments and the adjustments for discontinued operations that we considered necessary to give a fair presentation of our operating results for the periods presented. These condensed consolidated financial statements and accompanying notes should be read together with the audited consolidated financial statements for the fiscal year ended July 31, 2003 included in Intuit's Form 10-K, filed with the Securities and Exchange Commission on September 19, 2003. Results for the three and nine months ended April 30, 2004 do not necessarily indicate the results we expect for the fiscal year ending July 31, 2004 or any other future period. Our tax businesses are highly seasonal, with sales of tax preparation products and services heavily concentrated in the period from November through April. These seasonal patterns mean that our quarterly total net revenue is usually highest during our second and third fiscal quarters.

Use of Estimates

We make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures made in the accompanying notes. For example, we use estimates in determining the appropriate levels of reserves for product returns and rebates, the collectibility of accounts receivable, the appropriate levels of various accruals, the amount of our worldwide tax provision and the realizability of deferred tax assets. We also use estimates in determining the remaining economic lives and carrying values of purchased intangible assets (including goodwill), property and equipment and other long-lived assets. In addition, we use assumptions when employing the Black-Scholes valuation model to estimate the fair value of stock options granted for pro forma disclosures. See Note 1, *"Stock-Based Incentive Programs."* Despite our intention to establish accurate estimates and use reasonable assumptions, actual results may differ from our estimates.

Net Revenue

We derive revenues from the sale of packaged software products and supplies, product support, professional services, outsourced payroll services and multiple element arrangements that may include any combination of these items. We recognize revenue for software products and related services in accordance with Statement of Position 97-2, "*Software Revenue Recognition*," as modified by SOP 98-9. For other offerings, we follow Staff Accounting Bulletin No. 104, "*Revenue Recognition.*" We recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable.

In some situations, we receive advance payments from our customers. We also offer multiple element arrangements to our customers. We defer revenue associated with these advance payments and the fair value of undelivered elements until we ship the products or perform the services. Deferred revenue consisted of the following at the dates indicated:

(In thousands)	July 31, 2003	April 30, 2004
Product and product related services	$146,609	$116,817
Customer support	32,231	35,904
	$178,840	$152,721

Deferred revenue for product-related services at July 31, 2003 and April 30, 2004 relates primarily to QuickBooks Do-It-Yourself Payroll.

In accordance with Financial Accounting Standards Board Emerging Issues Task Force Issue No. 01-9, "*Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Product*," we account for cash consideration (such as sales incentives) that we give to our customers or resellers as a reduction of revenue rather than as an operating expense unless we receive a benefit that we can identify and for which we can reasonably estimate the fair value.

Product Revenue

We typically recognize revenue from the sale of our packaged software products and supplies when we ship the products or, in the case of certain agreements, when products are delivered to retailers. We sell some of our QuickBooks, Consumer Tax and Quicken products on consignment to a limited number of resellers. We recognize revenue for these consignment transactions only when the end-user sale has occurred.

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

Service Revenue

We recognize revenue from outsourced payroll processing and payroll tax filing services as the services are performed, provided we have no other remaining obligations to these customers. We generally require customers to remit payroll tax funds to us in advance of the applicable payroll due date via electronic funds transfer. We include in total net revenue the interest earned on invested balances resulting from timing differences between when we collect these funds from customers and when we remit the funds to outside parties.

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

Other Revenue

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

Multiple Element Arrangements

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

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

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

For arrangements where undelivered services are essential to the functionality of delivered software, we recognize both the product license revenues and service revenues under the percentage of completion contract method in accordance with the provisions of SOP 81-1, *"Accounting for Performance of Construction Type and Certain Production Type Contracts."* To date, product license and service revenues recognized pursuant to SOP 81-1 have not been significant.

Shipping and Handling

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of product revenue on our statement of operations. Product revenue from shipping and handling is not significant.

Per Share Computations

We compute basic income or loss per share using the weighted average number of common shares outstanding during the period. We compute diluted income or loss per share using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of the shares issuable upon the exercise of stock options under the treasury stock method and vested restricted stock awards. In loss periods, basic and diluted loss per share are identical since the effect of common equivalent shares is anti-dilutive and therefore excluded.

Our diluted net income per share computations for the three months ended April 30, 2003 and 2004 included 4.7 million and 4.2 million common equivalent shares. Our diluted net income per share computations for these periods did not include the effect of options to purchase 9.5 million and 7.3 million shares of common stock because the option exercise prices were greater than the average market price of our common stock. Our diluted net income per share computations for the nine months ended April 30, 2003 and 2004 included 6.0 million and 5.1 million common equivalent shares. Our diluted net income per share computations for these periods did not include the effect of options to purchase 6.4 million and 5.6 million shares of common stock because the option exercise prices were greater than the average market price of our common stock.

Cash Equivalents and Short-Term Investments

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist primarily of money market funds in all periods presented. Short-term investments consist of available-for-sale debt securities that we carry at fair value. We include unrealized gains and losses on short-term investments, net of tax, in stockholders' equity. Available-for-sale debt securities are classified as current assets based upon our intent and ability to use any and all of these securities as necessary to satisfy the significant short-term liquidity requirements that may arise from the highly seasonal and cyclical nature of our businesses. Because of our significant business seasonality, stock repurchase programs and acquisition opportunities, cash flow requirements may fluctuate dramatically from quarter to quarter and require us to use a significant amount of the short-term investments held as available-for-sale securities. See Note 2.

Payroll Customer Deposits and Payroll Service Obligations

Payroll customer deposits represent cash held on behalf of our payroll customers that is invested in cash and cash equivalents and short-term investments. Payroll service obligations consist primarily of payroll taxes we owe on behalf of our payroll customers.

Goodwill, Purchased Intangible Assets and Other Long-lived Assets

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

We regularly perform reviews to determine if the carrying values of our long-lived assets are impaired. In accordance with Statement of Financial Accounting Standards No. 142, *"Goodwill and Other Intangible Assets,"* we review goodwill and other intangible assets that have indefinite useful lives for impairment at least annually in our fourth fiscal quarter, or more frequently if an event occurs indicating the potential for impairment. In accordance with SFAS 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* we review intangible assets that have finite useful lives and other long-lived assets when an event occurs indicating the potential for impairment. In our reviews, we look for facts or circumstances, either internal or external, indicating that we may not recover the carrying value of the asset. We measure impairment losses related to long-lived assets based on the amount by which the carrying amounts of these assets exceed their fair values. Our measurement of fair value is generally based on an analysis of the present value of estimated future discounted cash flows. Our analysis is based on available information and reasonable and supportable assumptions and projections. The discounted cash flow analysis considers the likelihood of possible outcomes and is based on our best estimate of projected future cash flows. If necessary, we perform subsequent calculations to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets.

Stock-Based Incentive Programs

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

In October 1995 the Financial Accounting Standards Board issued SFAS 123, "*Accounting for Stock Based Compensation*," and in December 2002 the FASB issued SFAS 148, *"Accounting for Stock-Based Compensation — Transition and Disclosure."* Although these pronouncements allow us to continue to follow the APB 25 guidelines and not record compensation expense for most stock-based compensation, we are required to disclose our pro forma net income or loss and net income or loss per share as if we had adopted SFAS 123 and SFAS 148. The pro forma impact of applying SFAS 123 and SFAS 148 in the three and nine months ended April 30, 2003 and 2004 does not necessarily represent the pro forma impact in future quarters or years.

On March 31, 2004, the FASB issued its exposure draft, *"Share-Based Payment,"* which is a proposed amendment to SFAS 123. The exposure draft would require all share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in the statement of operations based on their fair values. The FASB expects to issue a final standard late in 2004 that would be effective for public companies for fiscal years beginning after December 15, 2004. We have not yet assessed the impact of adopting this new standard.

To determine the pro forma impact of applying SFAS 123, we estimate the fair value of our options using the Black-Scholes option valuation model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective

Table of Contents

assumptions including the expected stock price volatility. Our stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimates.

Inputs used for the valuation model are set forth in the tables below. We base the volatility factor for stock options on the historical volatility of our stock over the most recent five-year period, which is approximately equal to the maximum expected life of our options. Inputs for the third quarter of fiscal 2003 are not applicable because the purchase dates for our employee stock purchase plan occurred only twice that fiscal year, in December and June.

	Options			
	Three Months Ended		Nine Months Ended	
	April 30, 2003	April 30, 2004	April 30, 2003	April 30, 2004
Expected life (years)	1.94 - 4.94	2.00 - 5.00	1.91 - 4.94	1.95 - 5.00
Expected volatility factor	78%	70%	77-78%	70-74%
Risk-free interest rate	1.25 - 2.92%	1.63 - 3.79%	1.03 - 3.10%	0.85 - 3.79%
Expected dividend yield	—	—	—	—

	Employee Stock Purchase Plan			
	Three Months Ended		Nine Months Ended	
	April 30, 2003	April 30, 2004	April 30, 2003	April 30, 2004
Expected life (years)	N/A	1.00	1.00	1.00
Expected volatility factor	N/A	72%	78%	72-76%
Risk-free interest rate	N/A	1.04%	1.23%	0.94 - 1.04%
Expected dividend yield	N/A	—	—	—

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

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	April 30, 2003	April 30, 2004	April 30, 2003	April 30, 2004
Net income				
Net income, as reported	$293,977	$264,033	$367,722	$359,134
Add: Stock-based employee compensation expense included in reported net income, net of income taxes	(1)	107	1,199	402
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of income taxes	(16,777)	(14,992)	(63,649)	(54,312)
Pro forma net income	$277,199	$249,148	$305,272	$305,224
Net income per share				
Basic - as reported	$ 1.43	$ 1.36	$ 1.78	$ 1.82
Basic - pro forma	$ 1.35	$ 1.28	$ 1.48	$ 1.55
Diluted - as reported	$ 1.40	$ 1.33	$ 1.73	$ 1.78
Diluted - pro forma	$ 1.32	$ 1.25	$ 1.44	$ 1.51

Concentration of Credit Risk and Significant Customers and Suppliers

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

We are also subject to risks related to changes in the values of our significant balance of short-term investments. Our portfolio of short-term investments and payroll customer deposits consists primarily of investment-grade securities. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market or cash management funds, we diversify our short-term investments by limiting our holdings with any individual issuer.

We sell a significant portion of our products through third-party retailers and distributors. As a result, we face risks related to the collectibility of our accounts receivable. To appropriately manage this risk, we perform ongoing evaluations of customer credit and limit the amount of credit extended as we deem appropriate but generally do not require collateral. We maintain reserves for estimated credit losses and these losses have historically been within our expectations. However, since we cannot necessarily predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate.

We sell a significant proportion of our software products directly to many retailers rather than through a few major distributors. No distributor or individual retailer accounted for 10% or more of total net revenue in the three or nine months ended April 30, 2003 or 2004. Amounts due from Rock Acquisition Corporation under certain licensing and distribution agreements comprised 10.8% of accounts receivable at July 31, 2003. No customer accounted for 10% or more of accounts receivable at April 30, 2004.

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

Recent Accounting Pronouncements

In January 2003, the FASB issued Financial Interpretation No. 46, *"Consolidation of Variable Interest Entities,"* which was amended by FIN 46R in December 2003. FIN 46 requires us to consolidate a variable interest entity if we are subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after December 15, 2003. We adopted FIN 46 effective February 1, 2004 and the adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

2. Short-Term Investments and Payroll Customer Deposits

As discussed in Note 1, *"Concentration of Credit Risk and Significant Customers and Suppliers,"* our portfolio of short-term investments and payroll customer deposits consists primarily of investment-grade securities. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market or cash management funds, we diversify our short-term investments by limiting our holdings with any individual issuer.

The following schedule summarizes the estimated fair value of our short-term investments and payroll customer deposits at the dates indicated.

(In thousands)	July 31, 2003	April 30, 2004
Type of issue:		
Money market funds and other cash equivalents	$ 306,007	$ 237,319
Available-for-sale debt securities:		
Corporate notes	50,471	56,815
Municipal bonds	931,374	1,119,370
U.S. government securities	54,913	69,494
Total available-for-sale debt securities	1,036,758	1,245,679
Total short-term investments and payroll customer deposits	$1,342,765	$1,482,998
Classification of investments on the balance sheets:		
Short-term investments	$1,036,758	$1,159,976
Payroll customer deposits	306,007	323,022
	$1,342,765	$1,482,998

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

(In thousands)	July 31, 2003	April 30, 2004
Due within one year	$ 241,110	$ 283,879
Due within two years	270,900	303,267
Due within three years	3,088	10,049
Due after three years	521,660	648,484
	$1,036,758	$1,245,679

Unrealized gains and losses on short-term investments and payroll customer deposits at July 31, 2003 and April 30, 2004 were not material. Realized gains and losses from the sale of short-term investments, including those classified as payroll customer deposits, were not material in the three or nine months ended April 30, 2003 or 2004.

3. Goodwill and Intangible Assets

Changes in the carrying value of goodwill by reportable segment during the nine months ended April 30, 2004 were as follows. Our reportable segments are described in Note 6.

(In thousands)	Balance July 31, 2003	Increase (Decrease) in Goodwill	Foreign Currency Translation	Balance April 30, 2004
Small Business Products and Services	$308,785	$98,375	$ —	$407,160
Consumer Tax	11,204	(182)	—	11,022
Professional Accounting Solutions	90,507	—	—	90,507
Vertical Business Management Solutions	170,522	194	—	170,716
Other Businesses	10,073	—	322	10,395
	$591,091	$98,387	$ 322	$689,800

The net increase in goodwill was related primarily to our acquisition of Innovative Merchant Solutions LLC in the first quarter of fiscal 2004. See Note 5.

Table of Contents

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

(Dollars in thousands)	Life in Years	July 31, 2003	April 30, 2004
Customer lists	3-7	$ 171,237	$ 187,161
Less accumulated amortization		(105,771)	(124,994)
		65,466	62,167
Purchased technology	2-7	143,605	147,238
Less accumulated amortization		(93,694)	(103,760)
		49,911	43,478
Trade names and logos	2-7	17,199	17,250
Less accumulated amortization		(10,293)	(12,246)
		6,906	5,004
Covenants not to compete	2-5	9,410	11,304
Less accumulated amortization		(6,248)	(8,266)
		3,162	3,038
Total purchased intangible assets		341,451	362,953
Total accumulated amortization		(216,006)	(249,266)
Total net purchased intangible assets		$ 125,445	$ 113,687

The increases in customer lists and covenants not to compete during the nine months ended April 30, 2004 were due primarily to our acquisition of Innovative Merchant Solutions LLC. See Note 5.

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

	Three Months Ended		Nine Months Ended	
(In thousands)	April 30, 2003	April 30, 2004	April 30, 2003	April 30, 2004
Amortization of purchased intangible assets	$8,407	$6,213	$25,016	$18,550
Amortization of acquisition-related deferred compensation	(1)	178	1,999	670
Total acquisition-related charges	$8,406	$6,391	$27,015	$19,220

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

(Dollars in thousands)	Expected Amortization Expense
Fiscal quarter ended July 31, 2004	$ 9,782
Fiscal year ended July 31, 2005	36,585
Fiscal year ended July 31, 2006	30,498
Fiscal year ended July 31, 2007	20,153
Fiscal year ended July 31, 2008	9,961
Thereafter	6,708
Total expected future amortization expense	$113,687

4. Comprehensive Net Income (Loss)

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

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

(In thousands)	Unrealized Gain (Loss) on Marketable Securities	Unrealized Gain (Loss) on Short-term Investments	Foreign Currency Translation	Total
Nine months ended April 30, 2003				
Beginning balance, net of income taxes	$ (4,845)	$ 2,058	$ (888)	$ (3,675)
Unrealized gain, net of income tax provision of $8,512	12,768	—	—	12,768
Unrealized loss, net of income tax benefit of $737	—	(1,106)	—	(1,106)
Reclassification adjustment for realized gain included in net income, net of income tax benefit of $5,282	(7,923)	—	—	(7,923)
Translation adjustment	—	—	(274)	(274)
Other comprehensive income (loss)	4,845	(1,106)	(274)	3,465
Ending balance, net of income taxes	$ —	$ 952	$(1,162)	$ (210)
Nine months ended April 30, 2004				
Beginning balance, net of income taxes	$ 105	$ 213	$(1,107)	$ (789)
Unrealized gain, net of income tax provision of $44	66	—	—	66
Unrealized loss, net of income tax benefit of $764	—	(1,146)	—	(1,146)
Translation adjustment	—	—	(2,233)	(2,233)
Other comprehensive income (loss)	66	(1,146)	(2,233)	(3,313)
Ending balance, net of income taxes	$ 171	$ (933)	$(3,340)	$ (4,102)

(In thousands)	Three Months Ended April 30, 2003	Three Months Ended April 30, 2004	Nine Months Ended April 30, 2003	Nine Months Ended April 30, 2004
Net income	$293,977	$264,033	$367,722	$359,134
Other comprehensive income (loss)	(3,813)	(1,486)	3,465	(3,313)
Comprehensive net income, net of income taxes	$290,164	$262,547	$371,187	$355,821
Income tax provision netted against other comprehensive income (loss)	$ (2,665)	$ (764)	$ 2,493	$ (720)

5. Acquisitions

On October 4, 2003, we acquired all of the membership interests of Innovative Merchant Solutions LLC and a related entity doing business as Innovative Gateway Solutions (together, "IMS") for an aggregate purchase price of approximately $116.7 million in cash. Of the total purchase price, $86.3 million was paid to the members of IMS and $30.4 million was deposited into a third-party escrow account at closing. Of the cash deposited into escrow, $10.4 million is payable to former IMS members in January 2005 and the remaining $20.0 million will be paid to former IMS members from escrow in installments of $12.0 million and $8.0 million in October 2004 and October 2005 upon the satisfaction of certain operating contingencies.

IMS offers a full range of merchant account services to small businesses nationwide, including credit and debit card processing services. We acquired IMS as part of our Right for My Business strategy to offer a wider range of business solutions for small businesses. IMS became part of our Small Business Products and Services segment.

On a preliminary basis, we allocated approximately $17.3 million of the IMS purchase price to identified intangible assets and recorded the excess purchase price of $98.4 million as goodwill. We do not expect that any adjustments to the purchase price or the purchase price allocation will be material. The identified intangible assets are being amortized over terms ranging from two to four years. All of the goodwill acquired in this transaction will be deductible for income tax purposes.

IMS's results of operations from the date of acquisition forward have been included in our consolidated results of operations and were not material. IMS's results of operations for periods prior to the date of acquisition were also not material when compared with our consolidated results.

The preliminary purchase price allocation for the IMS acquisition was as follows:

(In thousands)	Purchase Price Allocation
Tangible assets	$ 5,393
Intangible assets:	
Goodwill	98,366
Customer lists	15,600
Covenant not to compete	1,700
Acquisition costs	(500)
Other tangible liabilities	(3,860)
Cash consideration paid	$116,699

6. Industry Segment and Geographic Information

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

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

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

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

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

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

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

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

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

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

The following tables show our financial results by reportable segment for the three and nine months ended April 30, 2003 and 2004. We have reclassified certain previously reported fiscal 2003 segment revenue to conform to the fiscal 2004 presentation. We reclassified certain electronic filing revenue from product revenue to service revenue in the amounts of $20.4 million for the third quarter of fiscal 2003 and $27.6 million for the first nine months of fiscal 2003. Total revenue for each segment did not change.

Three months ended April 30, 2003 (In thousands)	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
Product revenue	$54,773	$ 64,997	$144,033	$64,581	$ 9,822	$32,938	$ —	$371,144
Service revenue	938	44,822	168,063	15,729	15,878	1,023	—	246,453
Other revenue	—	5,274	987	—	44	10,796	—	17,101
Total net revenue	55,711	115,093	313,083	80,310	25,744	44,757	—	634,698
Segment operating income (loss)	19,059	45,618	265,315	55,622	(52)	13,708	—	399,270
Common expenses	—	—	—	—	—	—	(78,675)	(78,675)
Subtotal	19,059	45,618	265,315	55,622	(52)	13,708	(78,675)	320,595
Acquisition-related costs	—	—	—	—	—	—	(12,068)	(12,068)
Interest and other income	—	—	—	—	—	—	8,193	8,193
Realized net gain on marketable securities	—	—	—	—	—	—	7,014	7,014
Income (loss) from continuing operations before income taxes	$19,059	$ 45,618	$265,315	$55,622	$ (52)	$13,708	$(75,536)	$323,734

Three months ended April 30, 2004 (In thousands)	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
Product revenue	$71,864	$ 76,282	$118,066	$62,745	$10,800	$34,798	$ —	$374,555
Service revenue	1,171	54,645	226,462	19,759	16,433	2,058	—	320,528
Other revenue	—	6,677	161	—	250	10,782	—	17,870
Total net revenue	73,035	137,604	344,689	82,504	27,483	47,638	—	712,953
Segment operating income (loss)	27,939	52,065	290,007	57,595	452	15,478	—	443,536
Common expenses	—	—	—	—	—	—	(86,592)	(86,592)
Subtotal	27,939	52,065	290,007	57,595	452	15,478	(86,592)	356,944
Acquisition-related costs	—	—	—	—	—	—	(9,813)	(9,813)
Interest and other income	—	—	—	—	—	—	4,774	4,774
Realized net gain on marketable securities	—	—	—	—	—	—	107	107
Income (loss) from continuing operations before income taxes	$27,939	$ 52,065	$290,007	$57,595	$ 452	$15,478	$(91,524)	$352,012

Table of Contents

Nine months ended April 30, 2003 (In thousands)	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
Product revenue	$185,765	$192,112	$226,144	$218,047	$ 25,469	$123,481	$ —	$ 971,018
Service revenue	2,342	130,848	186,162	19,136	42,992	3,084	—	384,564
Other revenue	—	14,268	2,091	—	107	33,598	—	50,064
Total net revenue	188,107	337,228	414,397	237,183	68,568	160,163	—	1,405,646
Segment operating income (loss)	75,477	115,702	280,467	157,469	(10,729)	51,235	—	669,621
Common expenses	—	—	—	—	—	—	(239,841)	(239,841)
Subtotal	75,477	115,702	280,467	157,469	(10,729)	51,235	(239,841)	429,780
Acquisition-related costs	—	—	—	—	—	—	(46,031)	(46,031)
Interest and other income	—	—	—	—	—	—	24,749	24,749
Realized net gain on marketable securities	—	—	—	—	—	—	10,094	10,094
Income (loss) from continuing operations before income taxes	$ 75,477	$115,702	$280,467	$157,469	$(10,729)	$ 51,235	$(251,029)	$ 418,592

Nine months ended April 30, 2004 (In thousands)	QuickBooks	Small Business Products & Services	Consumer Tax	Professional Accounting Solutions	Vertical Business Mgmt Solutions	Other Businesses	Corporate	Consolidated
Product revenue	$214,146	$228,375	$224,600	$220,910	$29,778	$126,974	$ —	$1,044,783
Service revenue	2,991	159,049	254,948	25,321	49,052	5,276	—	496,637
Other revenue	—	18,619	282	—	1,091	30,358	—	50,350
Total net revenue	217,137	406,043	479,830	246,231	79,921	162,608	—	1,591,770
Segment operating income (loss)	78,343	143,466	330,504	157,685	1,496	55,736	—	767,230
Common expenses	—	—	—	—	—	—	(261,648)	(261,648)
Subtotal	78,343	143,466	330,504	157,685	1,496	55,736	(261,648)	505,582
Acquisition-related costs	—	—	—	—	—	—	(29,255)	(29,255)
Interest and other income	—	—	—	—	—	—	19,434	19,434
Realized net gain on marketable securities	—	—	—	—	—	—	344	344
Income (loss) from continuing operations before income taxes	$ 78,343	$143,466	$330,504	$157,685	$ 1,496	$ 55,736	$(271,125)	$ 496,105

Table of Contents

7. Other Current Liabilities

(In thousands)	July 31, 2003	April 30, 2004
Reserve for product returns	$34,406	$ 74,478
Reserve for rebates	10,401	34,525
Executive deferred compensation plan	6,245	12,227
Acquisition-related items	2,619	7,777
Sales tax accrual	1,906	5,762
Other accruals	3,552	10,407
	$59,129	$145,176

8. Commitments

Reserve for Vacant Facilities

During the third quarter of fiscal 2002, we concluded that we would not occupy two vacant leased buildings in Mountain View, California and that we would be unable to recover a substantial portion of our lease obligations by subleasing the vacant space. In that quarter, we recorded a $13.2 million reserve that was equal to the remaining future lease commitments for these facilities, net of estimated future sublease income. During the fourth quarter of fiscal 2003, we decided that we would reoccupy one of the two vacant buildings and that the reserve for the other vacant building should be increased to reflect our revised estimate of future sublease income for that facility. We recorded a net adjustment of $0.5 million to the reserve that resulted in a credit for vacant facilities on our statement of operations in that quarter. Our actual future cash payments may exceed the total Mountain View reserve balance at April 30, 2004 by a maximum of $2.7 million if we are unable to sublease the remaining vacant Mountain View property. The lease related to this facility ends in fiscal 2010.

Activity in the reserve for vacant Mountain View facilities for the three and nine months ended April 30, 2003 and 2004 was as follows:

	Three Months Ended		Nine Months Ended	
(In thousands)	April 30, 2003	April 30, 2004	April 30, 2003	April 30, 2004
Beginning balance	$11,313	$8,954	$12,478	$ 9,701
Cash lease payments applied against the reserve	(587)	(386)	(1,752)	(1,133)
Ending balance	$10,726	$8,568	$10,726	$ 8,568

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

(In thousands)	July 31, 2003	April 30, 2004
Short-term portion of reserve in other current liabilities	$1,394	$1,258
Long-term portion of reserve in long-term obligations	8,307	7,310
Total reserve	$9,701	$8,568

Table of Contents

CBS Employer Services Acquisition Accrual

We acquired CBS Employer Services, Inc. in the fourth quarter of fiscal 2002. In connection with this acquisition, we recorded a total accrual of $26.4 million that included $21.6 million for purchase price deferrals and $4.8 million for restructuring and transaction costs. Activity in this reserve for the nine months ended April 30, 2003 and 2004 was as follows:

(In thousands)	Beginning Balance	Cash Payments	Adjustments	Ending Balance
Nine months ended April 30, 2003				
Non-compete clause	$ 1,700	$ —	$ —	$ 1,700
Purchase price deferrals	13,143	(796)	—	12,347
Shareholder escrow	5,800	—	—	5,800
Restructuring and transaction costs	4,716	(1,220)	—	3,496
	$25,359	$(2,016)	$ —	$23,343
Nine months ended April 30, 2004				
Non-compete clause	$ 1,700	$ (472)	$ —	$ 1,228
Purchase price deferrals	13,306	(4,210)	(215)	8,881
Shareholder escrow	2,499	(895)	—	1,604
Restructuring and transaction costs	—	—	—	—
	$17,505	$(5,577)	$ (215)	$11,713

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

(In thousands)	July 31, 2003	April 30, 2004
Short-term portion of reserve in other current liabilities	$ —	$ 6,595
Long-term portion of reserve in long-term obligations	17,505	5,118
Total reserve	$17,505	$11,713

Operating Lease and Other Contractual Obligations

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations" in Item 2 for information on our operating lease and other contractual obligations.

9. Income Taxes

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 each of the three and nine months ended April 30, 2003 was approximately 31%. Our effective tax rate for the three months ended April 30, 2003 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax-exempt interest income and various tax credits offset by state taxes. Our effective tax rate for the nine months ended April 30, 2003 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax-exempt interest income and various tax credits offset by state taxes and acquisition-related charges recorded in the first quarter of fiscal 2003.

Our effective tax rates for the three and nine months ended April 30, 2004 were approximately 25% and 28%. Our effective tax rates for these periods differed from the federal statutory rate primarily due to the net effect of reversals of $35.6 million in reserves related to potential income tax exposures that have been resolved and the benefit received from tax-exempt interest income and various tax credits offset by state taxes.

10. Stockholders' Equity

Stock Repurchase Program

In May 2001, Intuit's Board of Directors initiated Repurchase Plan I and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. In July 2002, our Board of Directors increased the authorized purchase amount by $250.0 million to a total of $750.0 million. Repurchase Plan I was concluded in December 2002 when the authorized purchase amount under the program was reached. In March 2003, Intuit's Board of Directors initiated Repurchase Plan II and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. Repurchase Plan II was concluded in November 2003 when the authorized purchase amount under the program was reached. In August 2003, Intuit's Board of Directors initiated Repurchase Plan III and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. In May 2004, Intuit's Board of Directors initiated Repurchase Plan IV and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period.

The following table summarizes our stock repurchase activity under these plans, including broker commissions, through April 30, 2004:

	Plan I		Plan II		Plan III		
Fiscal Year	Shares	Amount	Shares	Amount	Shares	Amount	Average Price Per Share
(Dollars in thousands, except per share amounts)							
2001	238,500	$ 8,358	—	$ —	—	$ —	$35.04
2002	7,361,839	318,422	—	—	—	—	43.25
2003	9,002,244	423,211	8,937,809	390,432	—	—	45.35
2004 to date	—	—	2,342,800	109,525	8,714,213	401,210	46.19
	16,602,583	$749,991	11,280,609	$499,957	8,714,213	$401,210	45.12

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

Distribution and Dilutive Effect of Options

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

	Twelve Months Ended		Nine Months Ended
	July 31, 2002	July 31, 2003	April 30, 2004
Net option grants during the period as a percentage of outstanding shares	3.2%	2.7%	0.8%
Grants to Named Executives during the period as a percentage of total options granted	3.5%	8.9%	5.3%
Grants to Named Executives during the period as a percentage of outstanding shares	0.1%	0.3%	0.1%
Options held by Named Executives as a percentage of total options outstanding	9.0%	11.6%	13.0%

We define net option grants as options granted less options canceled or expired and returned to the pool of options available for grant. Options granted to our Named Executives as a percentage of the total options granted to all employees will vary significantly from quarter to quarter, due in part to the timing of annual performance-based grants to Named Executives.

11. Litigation

On September 17, 2003, Muriel Siebert & Co., Inc. v. Intuit Inc. was filed in the Supreme Court of the State of New York, County of New York. The lawsuit alleges various claims for breach of contract, breach of express and implied covenants of good faith and fair dealing, breach of fiduciary duty, misrepresentation and/or fraud, and promissory estoppel. The allegations relate to Quicken Brokerage powered by Siebert, a strategic alliance between the two companies. The complaint seeks compensatory, punitive, and other damages. On September 22, 2003, Intuit filed an arbitration demand against Siebert & Co., Inc. in San Jose, California seeking arbitration of all claims asserted by both parties. The New York court is currently determining whether the matter will proceed in New York state court or in arbitration. Intuit believes this lawsuit is without merit and intends to defend the litigation vigorously.

Intuit is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, 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. We also believe that we would be able to obtain any necessary licenses or other rights to disputed intellectual property rights on commercially reasonable terms. However, 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. Related Parties

Loans to Executive Officers and Other Employees

Prior to July 30, 2002, loans to executive officers were made generally in connection with their relocation and purchase of a residence near their new place of work. As of April 30, 2004, no loans were overdue and all interest payments were current in accordance with the terms of the loan agreements. Consistent with the requirements of The Sarbanes-Oxley Act of 2002, we have not made or modified any loans to executive officers since July 30, 2002 and we do not intend to make or modify any loans to executive officers in the future.

During the third quarter of fiscal 2004, certain amounts became due within twelve months and are thus being classified as “prepaid expenses and other current assets” on our balance sheet. Loans to executive officers and other employees (including amounts classified as “prepaid expenses and other current assets” on our balance sheet) were as follows at the dates indicated:

(In thousands)	July 31, 2003	April 30, 2004
Short-term:		
Loans to executive officers	$ —	$ 1,067
Loans to other employees	—	280
	—	1,347
Long-term:		
Loans to executive officers	14,891	12,605
Loans to other employees	4,799	4,194
	19,690	16,799
Total loans to employees:		
Loans to executive officers	14,891	13,672
Loans to other employees	4,799	4,474
	$19,690	$18,146

Repurchase of Vested Restricted Stock

In February 2004, our chief executive officer vested in 37,500 shares of restricted stock. To provide Mr. Bennett with the funds to pay the related payroll tax withholding obligation we repurchased 17,157 shares of common stock from Mr. Bennett at $44.64 per share, the closing market price of Intuit stock on the date the restricted stock vested. This repurchase was approved by our Board of Directors.

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

Overview

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

Expanding Product and Service Offerings. During the last two years, we have expanded the products and services that we offer. Under our Right for My Business strategy we have expanded our QuickBooks product line to offer easy-to-use, industry-specific versions of QuickBooks. We have also introduced new versions of QuickBooks for companies that, due to their larger size or complexity, have more demanding accounting needs. We have introduced business solutions that go beyond accounting software to address a wider range of business management challenges that small businesses face. Finally, we have acquired companies that offer more complete and customizable business management solutions to businesses in selected industries. We expect to continue to expand in these directions over the next several years.

Evolving Distribution Channels. We have been expanding our distribution channels to accommodate the expansion of the customer segments we serve and the range of products and services we offer. As we offer more complex, higher-priced software products than our traditional retail software products, we expect that direct sales will continue to become an increasingly important source of revenue and new customers. The direct channel is also becoming a more important channel for our traditional desktop products. Finally, as we add products and services that are complementary to our core products, we are focusing on strengthening our cross-selling capabilities. We expect that these increased capabilities will allow us to generate additional revenue from our existing customers, particularly our small business customers.

Seasonality. Our tax businesses are highly seasonal. Sales of tax preparation products and services are heavily concentrated in the period from November through April. These seasonal patterns mean that our quarterly total net revenue is usually highest during our second and third quarters ending January 31 and 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 to develop new products and services continue at relatively consistent levels.

Critical Accounting Policies

In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our net revenue, operating income or loss and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Senior management has discussed the development and selection of these critical policies and their disclosure in this Report with the Audit Committee of our Board of Directors.

- Net Revenue – Revenue Recognition. Intuit derives revenue from the sale of packaged software products, product support, professional services, outsourced payroll services and multiple element arrangements that may include any combination of these items. We follow the appropriate revenue recognition rules for each type of revenue. See Note 1 of the financial statements, *"Net Revenue."* We generally recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report. For example, for multiple element arrangements we must make assumptions and judgments in order to allocate the total price among the various elements we must deliver, to determine whether undelivered services are essential to the functionality of the delivered products and services, to determine whether vendor-specific evidence of fair value exists for each undelivered element and to determine whether and when each element has been delivered. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period. Amounts invoiced relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized over time as the applicable revenue recognition criteria are satisfied.

- Net Revenue – Return and Rebate Reserves. As part of our revenue recognition policy, we estimate future product returns and rebate payments and establish reserves against revenue at the time of sale based on these estimates. Product returns by distributors and retailers principally relate to the return of obsolete products. Our return policy allows distributors and retailers, subject to contractual limitations, to return purchased products. For product returns reserves, we consider the volume and price mix of products in the retail channel, historical return rates for prior releases of the product, trends in retailer inventory and economic trends that might impact customer demand for our products (including the competitive environment and the timing of new releases of our products). We fully reserve for obsolete products in the distribution channels.

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

  In the past, actual returns and rebates have approximated and not generally exceeded the reserves that we have established. However, actual returns and rebates in any future period are inherently uncertain. If we were to change our assumptions and estimates, our revenue reserves would change, which would impact the net revenue we report. If actual returns and rebates are significantly greater than the reserves we have established, the actual results would decrease our future reported revenue. Conversely, if actual returns and rebates are significantly less than our reserves, this would increase our future reported revenue.

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

- Goodwill, Purchased Intangibles and Other Long-Lived Assets – Impairment Assessments. We make judgments about the recoverability of purchased intangible assets and other long-lived assets whenever events or changes in circumstances indicate that an other-than-temporary impairment in the remaining value of the assets recorded on our balance sheet may exist. We test the impairment of goodwill annually 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 could not have been reasonably foreseen in prior periods. In order to estimate the fair value of long-lived assets, we typically make various assumptions about the future prospects for the business that the asset relates to, consider market factors specific to that business and estimate future cash flows to be generated by that business. We evaluate cash flows at the lowest operating level and the number of reporting units we evaluate may make impairment more probable than it would be at a company with fewer reporting units and integrated operations following acquisitions. Based on these assumptions and estimates, we determine whether we need to record an impairment charge to reduce the value of the asset on our balance sheet to reflect its estimated fair value. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, different assumptions and estimates could materially affect our reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in greater impairment charges, which would decrease net income and result in lower asset values on our balance sheet. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. At April 30, 2004, we had $689.8 million in goodwill and $113.7 million in intangible assets on our balance sheet.

- Accounting for Stock-Based Incentive Programs. We currently measure compensation expense for our stock-based incentive programs using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, *"Accounting for Stock Issued to Employees."* Under this method, we do not record compensation expense when stock options are granted to eligible participants as long as the exercise price is not less than the fair market value of the stock when the option is granted. We also do not record compensation expense in connection with our Employee Stock Purchase Plan as long as the purchase price of the stock is not less than 85% of the lower of the fair market value of the stock at the beginning of each offering period or at the end of each purchase period. In accordance with Statement of Financial Accounting Standards No. 123, *"Accounting for Stock-Based Compensation,"* and SFAS 148, *"Accounting for Stock-Based Compensation – Transition and Disclosure,"* we disclose our pro forma net income or loss and net income or loss per share as if the fair value-based method had been applied in measuring compensation expense for our stock-based incentive programs. We have elected to follow APB 25 because the fair value accounting provided for under SFAS 123 requires the use of option valuation models that were not developed for use in valuing incentive stock options and employee stock purchase plan shares.

  On March 31, 2004, the Financial Accounting Standards Board issued its exposure draft, *"Share-Based Payment,"* which is a proposed amendment to SFAS 123. The exposure draft would require all share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in the statement of operations based on their fair values. The FASB expects to issue a final standard late in 2004 that would be effective for public companies for fiscal years beginning after December 15, 2004. We have not yet assessed the impact of adopting this new standard.

  We currently use the Black-Scholes option-pricing model to calculate pro forma compensation expense for our stock-based incentive programs under SFAS 123. Although the new exposure draft does not prescribe the use of a specific option-pricing model, the FASB believes that the more flexible lattice models provide a better estimate of an employee stock option's fair value than a closed-form model like Black-Scholes and that consequently the lattice models should be used whenever possible. The exposure draft also proposes that if option exercisability is conditioned on the achievement of a specified stock price or return on the stock price, the discounted fair value of that option ultimately is recognized as compensation expense even if the market condition is not satisfied and the award never becomes exercisable. These and other determinations will affect the timing and amount of compensation expense that we recognize once the new standard is effective.

  We monitor progress at the FASB and other developments with respect to the general issue of stock-based incentive compensation. We may have to recognize substantially more compensation expense in future periods if we are required or elect to expense the value of stock-based incentive compensation or if we decide to alter our current employee compensation programs to provide other benefits in place of incentive stock options. This additional compensation expense could have a material adverse impact on our future results of operations.

- Income Taxes – Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance. When we prepare our consolidated financial statements, we estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our worldwide income tax provision. We recognize liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. We record an additional amount in our provision for taxes in the period in which we determine that our recorded tax liability is less than we expect the ultimate tax assessment to be. If in a later period we determine that payment of this additional amount is unnecessary, we reverse the liability and recognize a tax benefit in that later period. Therefore, our ongoing assessments of the probable outcomes of the audit issues and related tax positions require judgment and can materially increase or decrease our effective tax rate as well as impact our operating results. This also requires us to estimate our current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense on our statement of operations.

Management must make significant judgments to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax asset. Our net deferred tax asset as of April 30, 2004 was $218.6 million, net of the valuation allowance of $7.5 million. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets (consisting primarily of certain net operating losses carried forward by our international subsidiaries and certain state capital loss carryforwards) before they expire. The valuation allowance is based on our estimates of taxable income for the jurisdictions in which we operate and the period over which our deferred tax assets will be realizable. While we have considered future taxable income in assessing the need for the valuation allowance, we could be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. An increase in the valuation allowance would have an adverse impact, which could be material, on our income tax provision and net income in the period in which we make the increase.

Results of Operations

Overview

Total net revenue of $713.0 million increased 12% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Total net revenue of $1.592 billion increased 13% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Total net revenue was higher in both of the fiscal 2004 periods due primarily to growth in our Small Business Products and Services, Consumer Tax and QuickBooks segments.

Markets for our products are maturing and as a result we believe our revenue growth is slowing. Accordingly, although we are continuing to develop new products and services to mitigate the impact of this slowing growth in the long term, our expectations are that our overall revenue growth in fiscal 2005 will be in the high single digit range.

Intuit had income from continuing operations of $347.1 million for the third quarter of fiscal 2004, up 13% from $308.5 million in the third quarter of fiscal 2003. Income from continuing operations was $476.3 million for the first nine months of fiscal 2004, up 24% from $383.7 million for the same period of fiscal 2003. Our income from continuing operations grew faster than revenue for the first nine months of fiscal 2004 primarily due to an increase in revenue from our higher-margin products, such as QuickBooks Do-It-Yourself Payroll, lower acquisition-related charges in fiscal 2004 and a charge for purchased research and development of $8.9 million for the first nine months of fiscal 2003 that did not recur in fiscal 2004.

Intuit had net income (after tax) from continuing operations of $264.0 million for the third quarter of fiscal 2004, up 18% from $223.0 million in the third quarter of fiscal 2003. Net income from continuing operations was $359.1 million for the first nine months of fiscal 2004, up 25% from $287.9 million for the same period of fiscal 2003. Our net income from continuing operations grew faster than revenue for the third quarter of fiscal 2004 primarily due to a reversal of reserves for tax contingencies, lower acquisition-related charges in fiscal 2004 and no purchased research and development expenses in fiscal 2004 partially offset by lower interest and other income and gains on investments. Our net income from continuing operations grew faster than revenue for the first nine months of fiscal 2004 due to the same factors as above, faster growth of higher-margin products, such as QuickBooks Do-It-Yourself Payroll, and the fact that our Vertical businesses were profitable in fiscal 2004 whereas they recorded losses in fiscal 2003.

Diluted net income per share from continuing operations was $1.33 for the third quarter of fiscal 2004, up 25% from $1.06 per diluted share in the third quarter of fiscal 2003. Diluted net income per share from continuing operations was $1.78 for the first nine months of fiscal 2004, up 32% from $1.35 per diluted share in the same period of fiscal 2003. The growth in diluted net income per share from continuing operations in excess of the growth in net income from continuing operations for both of the fiscal 2004 periods was primarily due to the net reduction of shares outstanding resulting from our stock repurchase programs.

Total Net Revenue

We operate in six business segments. The following represents the net revenue for those segments for the third quarter and first nine months of fiscal 2004 and 2003. We have reclassified certain previously reported fiscal 2003 segment revenue to conform to the fiscal 2004 presentation. We reclassified certain electronic filing revenue from product revenue to service revenue in the amounts of $20.4 million for the third quarter of fiscal 2003 and $27.6 million for the first nine months of fiscal 2003. Total revenue for each segment did not change.

Table of Contents

(Dollars in millions)	Q3 FY03	% Total Net Revenue	Q3 FY04	% Total Net Revenue	Q3 % Change	YTD FY03	% Total Net Revenue	YTD FY04	% Total Net Revenue	YTD % Change
QuickBooks										
Product	$ 54.8		$ 71.8			$ 185.8		$ 214.1		
Service	0.9		1.2			2.3		3.0		
Other	—		—			—		—		
Subtotal	55.7	9%	73.0	10%	31%	188.1	13%	217.1	14%	15%
Small Business Products and Services										
Product	65.0		76.3			192.1		228.4		
Service	44.8		54.6			130.8		159.1		
Other	5.3		6.7			14.3		18.6		
Subtotal	115.1	18%	137.6	19%	20%	337.2	24%	406.1	26%	20%
Consumer Tax										
Product	144.0		118.1			226.1		224.6		
Service	168.1		226.5			186.2		254.9		
Other	1.0		0.1			2.1		0.3		
Subtotal	313.1	49%	344.7	48%	10%	414.4	30%	479.8	30%	16%
Professional Accounting Solutions										
Product	64.6		62.7			218.1		220.9		
Service	15.7		19.8			19.1		25.3		
Other	—		—			—		—		
Subtotal	80.3	13%	82.5	12%	3%	237.2	17%	246.2	15%	4%
Vertical Business Management Solutions										
Product	9.8		10.8			25.4		29.8		
Service	15.9		16.4			43.0		49.0		
Other	—		0.3			0.1		1.1		
Subtotal	25.7	4%	27.5	4%	7%	68.5	5%	79.9	5%	17%
Other Businesses										
Product	32.9		34.8			123.5		127.0		
Service	1.1		2.1			3.1		5.3		
Other	10.8		10.8			33.6		30.4		
Subtotal	44.8	7%	47.7	7%	6%	160.2	11%	162.7	10%	2%
Total net revenue	**$634.7**	**100%**	**$713.0**	**100%**	**12%**	**$1,405.6**	**100%**	**$1,591.8**	**100%**	**13%**

QuickBooks

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

QuickBooks total net revenue of $73.0 million increased 31% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. The revenue increase reflected increased sales of higher-priced industry-specific versions of QuickBooks and strong direct sales of QuickBooks Basic and Pro core products in response to a new direct mail program launched in January 2004.

QuickBooks total net revenue of $217.1 million increased 15% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. The revenue increase reflected increased sales of higher-priced industry specific versions of QuickBooks. This was partially offset by lower QuickBooks Basic and Pro core products unit sales.

Small Business Products and Services

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

Small Business Products and Services total net revenue of $137.6 million increased 20% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Growth in this segment was driven primarily by an increase in DIY revenue and by revenue generated by our October 2003 acquisition of Innovative Merchant Solutions. DIY revenue was higher in the third quarter of fiscal 2004 than in the same quarter of the prior year due to growth in the average customer base, an increase in attached services and the full impact in fiscal 2004 of a December 2002 price increase.

Small Business Products and Services total net revenue of $406.1 million increased 20% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Growth in DIY and information technology management software revenue and our acquisition of Innovative Merchant Solutions in October 2003 drove the increase.

Consumer Tax

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

Since 1998, Intuit has donated online tax preparation and filing services to lower income and other underserved taxpayers. Fiscal 2004 was Intuit’s second year as a participant in the Free File Alliance, a public-private partnership between the federal government and private sector software companies to make free federal online tax preparation and filing services available to taxpayers. In fiscal 2004, Intuit changed the qualification criteria for its Free File Alliance offering by revising the income criteria and adding a minimum age criteria. As a result, the volume of federal returns in this program decreased 42% from last season. On the state level, we began charging for returns in states that were not part of the Free File Alliance in fiscal 2004 and this had a negligible impact on overall Consumer Tax revenue.

Consumer Tax total net revenue of $344.7 million increased 10% in the third quarter of fiscal 2004 compared with the same period of fiscal 2003. Revenue increased in the fiscal 2004 period primarily due to growth in TurboTax for the Web and electronic filing. TurboTax for the Web revenue increased due to unit growth and higher average selling prices. Electronic filing revenue was also up in the fiscal 2004 period due to unit growth.

Consumer Tax total net revenue of $479.8 million increased 16% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Desktop revenues were up and desktop average selling prices were higher in the fiscal 2004 period due primarily to retail unit growth and increased sales of high-end products. TurboTax for the Web revenue increased due to unit growth and higher average selling prices. Electronic filing revenue was also up in the fiscal 2004 periods due to unit growth.

Although we are encouraged by the year-to-date results for our Consumer Tax business, revenues for the full tax season are still subject to product returns from our retail distribution channels. While we expect that our reserves for returned products will be adequate to cover retailers' returns of unsold products during the fourth quarter of fiscal 2004, higher than expected returns could have a negative impact on revenue for the full season. See "Critical Accounting Policies – Net Revenue – Return and Rebate Reserves" at the beginning of this Item 2.

Professional Accounting Solutions

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

PAS total net revenue of $82.5 million increased 3% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Unit sales of our unlimited electronic filing product were higher in the third quarter of fiscal 2004 primarily as a result of new government rules requiring the electronic filing of certain professionally prepared 2003 income tax returns.

PAS total net revenue of $246.2 million increased 4% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Revenue was higher in the fiscal 2004 period due to additional sales to existing customers, increased sales of our unlimited electronic filing product and higher average selling prices related to product enhancements. However, revenue growth in fiscal 2004 was negatively impacted by competition from lower-priced professional tax preparation software products. We are formulating a product strategy to address this development in fiscal 2005.

Vertical Business Management Solutions

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

VBMS total net revenue of $27.5 million and $79.9 million increased 7% and 17% in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003. Third quarter revenue growth in this segment was driven primarily by strength in commercial and residential real estate markets at MRI. In the first nine months of fiscal 2004, we continued to see growth in three of the four businesses in this segment.

Other Businesses

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

Other Businesses total net revenue of $47.7 million and $162.7 million increased 6% and 2% in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003. Quicken revenue was higher while Canadian revenue was lower in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Quicken revenue increased and Canadian revenue was flat in the first nine months of fiscal 2004 compared with the same period of fiscal 2003.

In the third quarter and first nine months of fiscal 2004, Quicken direct unit sales increased in response to direct mail campaigns for upgrades due to the discontinuation of support for older versions of the product and for TurboTax cross-selling offers. Retail unit sales also increased. Aggregate average selling prices for Quicken were higher due to a shift in demand to our higher-priced Quicken Premier and Quicken Home and Business products. Partially offsetting these increases, Personal Finance other revenue declined in the third quarter and first nine months of fiscal 2004 due to the expiration or termination of contracts with several significant online advertising customers.

Total net revenue from Canada decreased 25% in the third quarter of fiscal 2004 and was flat in the first nine months of fiscal 2004 compared with the same periods of fiscal 2003. Fiscal 2004 Canadian revenue was affected by a more favorable average foreign exchange rate. The Canadian dollar strengthened against the U.S. dollar in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003. This increased revenue by $1.0 million or 9% of Canadian total net revenue in the third quarter of fiscal 2004 and by $6.6 million or 14% of Canadian total net revenue in the first nine months of fiscal 2004. Total net revenue in Canadian dollars decreased 32% and 14% in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003. This was primarily due to lower demand for QuickBooks in Canada. QuickTax revenue was also down in the fiscal 2004 periods due to a decline in unit sales that was partially offset by slightly higher average selling prices related to a shift in demand toward the higher-priced specialty versions of that product.

Cost of Revenue

(Dollars in millions)	Q3 FY03	% of Related Revenue	Q3 FY04	% of Related Revenue	Q3 % Change	YTD FY03	% of Related Revenue	YTD FY04	% of Related Revenue	YTD % Change
Cost of product revenue	$46.0	12%	$47.0	13%	2%	$145.8	15%	$144.9	14%	(1%)
Cost of service revenue	37.0	15%	43.0	13%	16%	113.2	29%	121.4	24%	7%
Cost of other revenue	5.6	33%	6.0	34%	6%	15.4	31%	19.7	39%	28%
Amortization of purchased software	3.7	n/a	3.4	n/a	(7%)	10.2	n/a	10.0	n/a	(1%)
Total cost of revenue	**$92.3**	**15%**	**$99.4**	**14%**	**8%**	**$284.6**	**20%**	**$296.0**	**19%**	**4%**

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

Cost of service revenue as a percentage of service revenue decreased to 13% and 24% in the third quarter and first nine months of fiscal 2004 from 15% and 29% in the same periods of fiscal 2003. These decreases were primarily attributable to growth in revenue of the higher margin businesses we acquired during fiscal 2003 and 2004, notably Blue Ocean Software, Inc. and Innovative Merchant Solutions LLC.

Cost of other revenue as a percentage of other revenue increased to 39% in the first nine months of fiscal 2004 from 31% in the comparable period of fiscal 2003. This was primarily due to declining Personal Finance other revenue resulting from the fiscal 2004 expiration or termination of contracts with several significant online advertising customers, which had minimal associated cost.

Operating Expenses

(Dollars in millions)	Q3 FY03	% Total Net Revenue	Q3 FY04	% Total Net Revenue	Q3 % Change	YTD FY03	% Total Net Revenue	YTD FY04	% Total Net Revenue	YTD % Change
Customer service and technical support	$ 46.0	7%	$ 48.8	7%	6%	$141.3	10%	$153.1	10%	8%
Selling and marketing	83.1	13%	95.7	13%	15%	255.7	18%	295.3	18%	15%
Research and development	62.0	10%	71.2	10%	15%	192.2	14%	215.8	14%	12%
General and administrative	34.2	5%	44.2	6%	29%	112.3	8%	136.0	8%	21%
Total core operating expenses	225.3	35%	259.9	36%	15%	701.5	50%	800.2	50%	14%
Charge for purchased research and development	—	n/a	—	n/a	n/a	8.9	1%	—	n/a	n/a
Acquisition-related charges	8.4	2%	6.4	1%	(24%)	27.0	1%	19.2	1%	(29%)
Total operating expenses	**$233.7**	**37%**	**$266.3**	**37%**	**14%**	**$737.4**	**52%**	**$819.4**	**51%**	**11%**

Overview of Operating Expenses

Total operating expenses increased 14% and 11% in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003. We define core operating expenses as the controllable costs of running our business. Total core operating expenses (which are subtotaled in the table above) increased 15% and 14% in the same periods. Individually and in the aggregate, core operating expenses as a percentage of total net revenue for the third quarter and first nine months of fiscal 2004 remained consistent with the same periods of fiscal 2003.

General and administrative expenses increased in the third quarter and first nine months of fiscal 2004 because of increased costs of compliance efforts and non-capitalizable costs of implementing new enterprise systems.

Non-Operating Income and Expenses

Interest and Other Income

Total interest and other income for the third quarter and first nine months of fiscal 2004 was $4.8 million and $19.4 million compared with $8.2 million and $24.7 million in the same periods of fiscal 2003. The interest income that we earn on our cash and short-term investment balances decreased $1.3 million and $7.4 million in the third quarter and first nine months of fiscal 2004 compared with the same periods of fiscal 2003 due to our reinvestment of maturing instruments in new instruments that generally yield lower current market interest rates. We also recorded other income of $2.2 million related to receipt of an insurance settlement in the second quarter of fiscal 2004.

Interest and other income includes net gains and losses resulting from foreign exchange transactions. Due primarily to the effect of the strengthening U.S. dollar on intercompany balances with our Canadian subsidiary at quarter end, we recorded net foreign exchange losses of $0.5 million in the third quarter of fiscal 2004. The U.S. dollar weakened in the first nine months of fiscal 2004, resulting in net foreign exchange gains of $3.6 million for that period. The U.S. dollar also weakened in the third quarter and first nine months of fiscal 2003 and we recorded net foreign exchange gains of $2.1 million and $4.2 million in those periods.

Table of Contents

Income Taxes

In the third quarter and first nine months of fiscal 2004, we recorded income tax provisions of $88.0 million and $137.0 million on pre-tax income from continuing operations of $352.0 million and $496.1 million, resulting in effective tax rates of approximately 25% and 28% for those periods. Our effective tax rates for the third quarter and first nine months of fiscal 2004 differed from the federal statutory rate primarily due to the net effect of reversals of $35.6 million in reserves related to potential income tax exposures that have been resolved and the benefit received from tax-exempt interest income and various tax credits offset by state taxes.

In the third quarter and first nine months of fiscal 2003, we recorded income tax provisions of $100.8 million and $130.7 million on pre-tax income from continuing operations of $323.7 million and $418.6 million, resulting in effective tax rates of approximately 31% for each of those periods. Our effective tax rate for the third quarter of fiscal 2003 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax-exempt interest income and various tax credits offset by state taxes. Our effective tax rate for the first nine months of fiscal 2003 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax-exempt interest income and various tax credits offset by state taxes and acquisition-related charges recorded in the first quarter of fiscal 2003.

Discontinued Operations

In July 2002, we sold our Quicken Loans mortgage business segment and accounted for the sale as discontinued operations. In October 2002, we sold our residual equity interest in the purchasing company and recognized a gain of $5.6 million on the transaction.

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

Segment Operating Income (Loss)

Segment operating income or loss is segment net revenue less segment cost of revenue and operating expenses. Segment expenses do not include certain costs, such as corporate general and administrative expenses that are not allocated to specific segments. Segment expenses also do not include acquisition-related costs (which include acquisition-related charges, amortization of purchased software and charges for purchased research and development), realized net gains or losses on marketable securities and interest and other income. See Note 6 to the financial statements.

(Dollars in millions)	Q3 FY03	% of Related Revenue	Q3 FY04	% of Related Revenue	Q3 % Change	YTD FY03	% of Related Revenue	YTD FY04	% of Related Revenue	YTD % Change
QuickBooks	$ 19.1	34%	$ 27.9	38%	46%	$ 75.5	40%	$ 78.3	36%	4%
Small Business Products and Services	45.6	40%	52.1	38%	14%	115.7	34%	143.5	35%	24%
Consumer Tax	265.3	85%	290.0	84%	9%	280.4	68%	330.5	69%	18%
Professional Accounting Solutions	55.6	69%	57.6	70%	4%	157.5	66%	157.7	64%	0%
Vertical Business Management Solutions	—	0%	0.4	1%	n/a	(10.7)	-16%	1.5	2%	n/a
Other Businesses	13.7	31%	15.5	32%	13%	51.2	32%	55.7	34%	9%
Total segment operating income (loss)	**$399.3**	**63%**	**$443.5**	**62%**	**11%**	**$669.6**	**48%**	**$767.2**	**48%**	**15%**

QuickBooks

QuickBooks segment operating income of $27.9 million increased 46% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. The higher segment operating income was due primarily to 31% QuickBooks revenue growth in the quarter, partially offset by investments in direct sales, marketing and product development. QuickBooks segment operating income of $78.3 million grew 4% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Revenue increased 15% during the period but we also increased QuickBooks spending in the first nine months of fiscal 2004. In the early part of fiscal 2004, we added direct sales personnel and infrastructure in anticipation of direct revenue growth, increased spending to market several new products launched in late fiscal 2003 and in fiscal 2004 and invested more in the development of new products and technologies.

Small Business Products and Services

Small Business Products and Services segment operating income of $52.1 million increased 14% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. The higher segment operating income was due primarily to revenue growth in QuickBooks Do-It-Yourself Payroll, or DIY, while costs remained flat. Small Business Products and Services segment operating income of $143.5 million increased 24% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. DIY revenue was higher with relatively fixed costs. Information Technology Solutions operating income also increased in the first nine months of fiscal 2004 because we held costs steady while revenue grew**.** Partially offsetting these increases, Outsourced Payroll operating income was down in the first nine months of fiscal 2004 because although revenue grew 6% we invested in sales and service personnel during the first half of the year.

Consumer Tax

Consumer Tax segment operating income of $290.0 million was 9% higher in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. The third quarter fiscal 2004 segment operating income growth was consistent with revenue growth of 10% in that period. Consumer Tax segment operating income of $330.5 million increased 18% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Segment operating income growth was slightly above revenue growth for the year to date period because improvements in average selling price and higher electronic filing volume were partially offset by additional costs incurred for national television and radio advertising in fiscal 2004.

Professional Accounting Solutions

Professional Accounting Solutions segment operating income of $57.6 million increased 4% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Segment operating income growth was approximately equal to revenue growth for this period**.** Professional Accounting Solutions segment operating income of $157.7 million was flat on a 4% revenue increase in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Segment operating income did not increase although revenue grew because of increased investment in the number of sales and customer service personnel.

Vertical Business Management Solutions

Although revenue grew 7%, Vertical Business Management Solutions essentially broke even in both the third quarter of fiscal 2004 and the third quarter of fiscal 2003. The lack of growth in segment operating income was due to increased hardware mix at IDMS, a shift to lower-margin service revenue at MRI and continued investment in product development in all VBMS businesses. VBMS segment operating income increased to $1.5 million in the first nine months of fiscal 2004 compared with a loss of $10.7 million in the same period of fiscal 2003. The improvement was primarily due to revenue growth of 17% and better control over operating expenses.

Other Businesses

Other Businesses segment operating income of $15.5 million increased 13% in the third quarter of fiscal 2004 compared with the third quarter of fiscal 2003. Other Businesses segment operating income of $55.7 million grew 9% in the first nine months of fiscal 2004 compared with the same period of fiscal 2003. Segment operating income grew faster than revenue in both fiscal 2004 periods due primarily to Quicken revenue increases on relatively flat costs for the periods and our exit from the online brokerage business in the first quarter of fiscal 2004. Partially offsetting the Quicken improvements, Canadian operating income was down in both fiscal 2004 periods.

Liquidity and Capital Resources

At April 30, 2004, our cash and cash equivalents and short-term investments totaled $1.178 billion, a $28.3 million decrease from July 31, 2003. Cash generated by continuing operations was offset by our use of cash for our stock repurchase programs and for an acquisition during the first nine months of fiscal 2004.

We generated $598.3 million in cash from our operations during the first nine months of fiscal 2004. Net income from continuing operations totaled $359.1 million. Adjustments for non-cash expenses included depreciation of $57.3 million and acquisition-related charges, amortization of purchased software and amortization of other purchased intangible assets totaling $33.6 million. Other current liabilities increased $83.9 million due mainly to higher reserves for returns and rebates and income taxes payable increased $111.7 million, each reflecting the seasonality of our business. Cash generated by these and other operating activities was partially offset by an increase of $48.7 million in accounts receivable, again reflecting the seasonality of our business.

We used $332.2 million in cash for investing activities during the first nine months of fiscal 2004. We invested net cash of $125.1 million in short-term investments during the period, with proceeds of $2.628 billion from the sale upon maturity of certain short-term investments more than offset by reinvestments of $2.753 billion. Our primary use of cash for investing activities was for the acquisition of Innovative Merchant Solutions, which totaled $116.7 million. As a result of our continued investment in information systems and infrastructure, we also purchased a total of $86.2 million in property and equipment that included $15.3 million in labor costs capitalized in connection with internal use software projects.

We used $417.8 million in cash for our financing activities in the first nine months of fiscal 2004. The primary component of cash used in financing activities was $511.5 million for the repurchase of treasury stock through our stock repurchase programs and from our chief executive officer. See Notes 10 and 12 of the financial statements. This was partially offset by proceeds of $104.9 million we received from the issuance of common stock under employee stock plans.

In March 2003, Intuit’s Board of Directors initiated Repurchase Plan II and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. Shares of stock repurchased under this program became treasury shares. During the first two quarters of fiscal 2004, we repurchased a total of 2.3 million shares of our common stock for an aggregate cost of approximately $109.5 million under this program. Repurchase Plan II was concluded in November 2003 when the authorized purchase amount under the program was reached.

In August 2003, our Board of Directors initiated Repurchase Plan III and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. Shares of stock repurchased under this program become treasury shares. During the first nine months of fiscal 2004, we repurchased a total of 8.7 million shares of our common stock for an aggregate cost of approximately $401.2 million under this program. Authorized funds of $98.8 million remained available under this program at April 30, 2004 and we expect to utilize these funds.

In May 2004, our Board of Directors initiated Repurchase Plan IV and authorized the Company to repurchase up to $500.0 million of its common stock from time to time over a three-year period. Shares of stock repurchased under this program will become treasury shares.

Outstanding loans to executive officers and other employees totaled $18.1 million at April 30, 2004 and $19.7 million at July 31, 2003. Loans to executive officers are primarily relocation loans that are generally secured by real property and have maturity dates of up to 10 years. As of April 30, 2004, no loans were overdue and all interest payments were current in accordance with the terms of the loan agreements. Consistent with the requirements of The Sarbanes-Oxley Act of 2002, no loans to executive officers have been made or modified since July 30, 2002 and we do not intend to make or modify loans to executive officers in the future. See Note 12 of the financial statements.

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 to fund such activities in the future.

We believe that our cash, cash equivalents and short-term investments will be sufficient to meet anticipated seasonal working capital and capital expenditure requirements for at least the next 12 months.

Contractual Obligations

The following table summarizes our contractual obligations to make future payments at April 30, 2004:

	Payments Due by Period				
(In millions)	Less than 1 year	1-3 years	3-5 years	After 5 years	Total
Amounts due employees under deferred compensation plans	$ —	$12.2	$ —	$ —	$ 12.2
Short-term amounts due CBS Employer Services	6.6	—	—	—	6.6
Short-term portion of vacancy reserve	1.3	—	—	—	1.3
Long-term obligations	—	9.7	3.5	4.6	17.8
Operating leases	30.6	54.3	34.4	57.5	176.8
Total contractual cash obligations	$ 38.5	$76.2	$37.9	$62.1	$214.7

Long-term obligations at April 30, 2004 included the $7.3 million long-term portion of our reserve for vacant Mountain View facilities. Long-term obligations also included $5.1 million for amounts we owe to former stockholders of CBS Employer Services in connection with our acquisition of that company in the fourth quarter of fiscal 2002. See Note 8 of the financial statements.

Reserves for Returns and Rebates

Activity in our reserves for product returns and for rebates during the first nine months of fiscal 2004 and comparative balances at April 30, 2003 were as follows:

(In thousands)	Balance July 31, 2003	Additions Charged Against Revenue	Returns/ Redemptions	Balance April 30, 2004	Balance April 30, 2003
Reserve for product returns	$34,406	$164,246	$(124,174)	$74,478	$69,308
Reserve for rebates	10,401	155,663	(131,539)	34,525	35,952

Due to the seasonality of our business, we compare our returns and rebate reserve balances at April 30, 2004 to the reserve balances at April 30, 2003. The returns reserve balance at April 30, 2004 was slightly higher than the balance at April 30, 2003, which reflects increased retail revenue in the current year, particularly in our Consumer Tax business. We have reduced our reserve for rebates at April 30, 2004 slightly compared with April 30, 2003 primarily because of accelerated processing of Consumer Tax rebate coupons and because some of our major retail customers are participating in a program where they sell our Consumer Tax products without rebates. We have also reduced other rebate programs.

Recent Accounting Pronouncements

In January 2003, the FASB issued Financial Interpretation No. 46, *"Consolidation of Variable Interest Entities,"* which was amended by FIN 46R in December 2003. FIN 46 requires us to consolidate a variable interest entity if we are subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after December 15, 2003. We adopted FIN 46 effective February 1, 2004 and the adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

Risks That Could Affect Future Results

The factors discussed below are cautionary statements that identify important risks and trends that could impact our future operating results and could cause actual results to differ materially from those anticipated in the forward-looking statements in this Report. Our fiscal 2003 Form 10-K and other SEC filings contain additional details about these risks, as well as other risks that could affect future results.

Company-Wide Factors That Could Affect Future Results

We face intense competitive pressures in all of our businesses, which can have a negative impact on our revenue, profitability and market position. We have formidable competitors, some of which have substantially greater financial resources. Accordingly, we expect competition to remain intense during fiscal 2004 and beyond. Our competitors in all our businesses may introduce new and improved products and services, reduce prices, gain better access to distribution channels, increase advertising (including advertising targeted at Intuit customers), and release new products and services before we do. Any of these competitive actions – particularly any prolonged price competition – could diminish our net revenue and profitability. They could also affect our ability to keep existing customers and acquire new customers.

We are implementing new information systems that are important for our ability to execute on our growth strategy, and problems with the design or implementation of these systems could interfere with our business and operations. We are in the process of implementing new information systems to replace our existing systems that manage our business and finance operations. Due to the size and complexity of our portfolio of businesses, the conversion process is very challenging. We intend to switch over in large part to the new information systems in the first quarter of our 2005 fiscal year. We may not be able to successfully switch over, or to thereafter implement these new systems and transition data, and even if we do succeed, the implementation may be much more costly than we anticipated. In addition, while we will be switching over the more critical of our systems to the new information systems as stated previously, we will be continuing to replace existing systems throughout fiscal year 2005. Any disruptions relating to these systems enhancements could adversely impact our ability to do the following in a timely and accurate manner: take customer orders, ship products, provide services and support to our customers, bill and track our customers, fulfill contractual obligations and otherwise run our business. If we are unable to successfully implement new information systems as planned, in addition to adversely impacting our financial position, results of operations, cash flows and stock price in the short and long term, it could also affect our ability to timely file our fiscal 2005 first quarter financial reports with the SEC.

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

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

Any significant failure in our technology systems or other interruption to our business could harm our operations and our financial performance. We rely on a variety of technology systems to take and fulfill customer orders, handle customer service requests, host our Web-based activities, support internal operations, store customer and company data and perform other functions. Our technology systems could be damaged or interrupted, lose customer data or otherwise fail to perform at levels necessary to support our business operations. In addition, our business operations are concentrated in San Diego, California and Mountain View, California and are vulnerable to interruption by fire, earthquake, power loss, terrorist acts and other events beyond our control. Any significant failure in our technology systems or business operations could prevent us from accepting and fulfilling customer orders and adversely impact our revenues. To reduce the likelihood of interruptions, we must continually upgrade our systems and processes to ensure that we have adequate recoverability and redundancy, which is costly and time consuming. While we have backup systems for certain aspects of our operations, our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. In addition, we may have inadequate insurance coverage or insurance limits to compensate us for losses from a major interruption. If our technology systems were to fail or if our business operations were interrupted, it could harm our financial performance, damage our reputation and be expensive to remedy.

Business integration of acquired companies presents several challenges and we may not fully realize the intended benefits of our acquisitions if we do not successfully integrate them with our operations. During the past few years, we have completed numerous acquisitions (one in fiscal 2004, two in fiscal 2003 and five in fiscal 2002), and we expect to continue to pursue acquisitions as part of our business strategy. These acquisitions expand our product and service offerings, personnel and geographic locations and require us to integrate different company cultures, management teams and business infrastructures. The integration process can strain our resources and be expensive and time consuming, particularly if we are integrating multiple companies at the same time. Promptly and efficiently integrating acquired businesses creates challenges for our operational, financial and management information systems, as well as for our product development processes. Depending on the size and complexity of an acquisition, and the number of acquisitions we are concurrently integrating, our successful integration of the entity depends on a variety of factors, including:

- Retaining key employees
- Managing facilities and employees in different geographic areas
- Retaining key customers
- Integrating or coordinating research and development, product manufacturing, and sales and marketing programs, and
- Integrating internal systems and procedures – including call center, customer management, order management, billing, financial reporting and other systems.

Despite our efforts to adequately staff and equip our customer service and technical support operations, we cannot always respond promptly to customer requests for assistance. We occasionally experience customer service and technical support problems, including longer than expected waiting times for customers when our staffing and systems are inadequate to handle a higher-than-anticipated volume of requests. When we experience these problems, they can adversely affect customer relationships and our financial results (due to lost revenue because of our inability to accept orders for our products or increased costs). We also risk losing service at any one of our customer contact centers and our redundancy systems could prove inadequate to provide backup support. In addition, our customer-focused business strategy presents additional technical support challenges as we increase the number and complexity of the products we offer, particularly for our QuickBooks, Consumer Tax and Vertical Business Management Solutions segments. To improve our performance in this area, we must eliminate underlying causes of customer requests for service and support through product improvements, better order fulfillment processes, more robust self-help tools, and better forecasting of demand for support services. Implementing any of these improvements can be expensive, time consuming and ultimately prove unsuccessful.

Given the nature of the products and services that we offer, our revenue and earnings are highly seasonal. Several of our businesses are highly seasonal – particularly our tax businesses, but also our small business software and service offerings to a lesser extent. This causes significant quarterly fluctuations in our financial results. Revenue and operating results are usually strongest during the second and third fiscal quarters, which end January 31 and April 30. We experience lower revenues, and we often experience significant operating losses, in the first and fourth quarters, which end October 31 and July 31. We expect to experience an operating loss for the quarter ended July 31, 2004. Our financial results can also fluctuate from quarter to quarter and year to year due to a variety of factors, including changes in product sales mix that affect average selling prices, product release dates, the timing of sales of our higher-priced Vertical Business Management Solutions offerings, our methods for distributing our products, including the shift to a consignment model for our QuickBooks, TurboTax and Quicken products that we sell through retail distribution channels, and the timing of acquisitions, dispositions, and goodwill and purchased intangible asset impairment charges.

Acquisition-related costs and impairment charges can cause significant fluctuation in our net income. Our recent acquisitions have resulted in significant expenses, including amortization of purchased software (which is reflected in cost of revenue), as well as charges for in-process research and development, and amortization and impairment of goodwill, purchased intangible assets and deferred compensation (which are reflected in operating expenses). Total acquisition-related costs in the categories identified above were $196.0 million in fiscal 2002, $56.6 million in fiscal 2003 and $29.3 million in the first nine months of fiscal 2004. Fiscal 2003 and 2004 acquisition-related costs have declined primarily because of a change in the accounting treatment of goodwill. However, we may incur less frequent, but larger, impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. 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 could not have been reasonably foreseen in prior periods. As of April 30, 2004, we had an unamortized goodwill balance of approximately $689.8 million, which could be subject to impairment charges in the future. New acquisitions, and any impairment of the value of purchased assets, could have a significant negative impact on our future operating results**.**

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

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

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

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

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

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

We may be unable to generate substantial and sustained revenue growth from new products and services in our QuickBooks, Small Business Products and Services and Vertical Business Management Solutions segments. To meet our growth goals, we must generate revenue from a wider range of market and customer segments, as well as from new products and services. There are many risks associated with our growth strategy, including:

- We may have difficulty identifying potential targets for acquisition at acceptable prices.

- Our Right for My Business strategy is resulting in a dramatic increase in the number and complexity of the products and services that we offer. This places greater demands on our research and development, and marketing and sales resources, as we must develop, market and sell both the new products and services and periodic enhancements to an expanding portfolio of products and services. This will also require us to continually develop, expand and modify our internal business operations systems and procedures to gain better integration so we can support our new businesses, including our customer service and technical support contact centers, and our customer management, order management, billing and other systems.

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

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

- Competition for acquisition opportunities could inhibit our ability to complete suitable acquisitions, and could also increase the price we would have to pay to complete acquisitions.

- If we are unable to complete acquisitions successfully, we may not be able to develop and market products for new industries or applications with which we may not be familiar.

- Acquired businesses may bring with them unanticipated liabilities, business or legal risks or operating costs that could harm our results of operations or business, reduce or eliminate any benefits of the acquisition or require unanticipated expenses.

- Future acquisitions may require us to issue shares of our stock and stock options to owners of the acquired businesses, which would result in dilution to the equity interests of our stockholders.

- If we fail to retain the services of key employees of acquired companies for significant time periods after we acquire their companies, we may experience difficulty in managing the acquired company's business and not realize the anticipated benefits of the acquisition.

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

Our payroll businesses face a number of risks that could have a negative impact on revenue and profitability. For our payroll businesses, we must process customer data accurately, reliably and timely in order to attract and retain customers and avoid the costs associated with errors. We must also accurately and timely develop new and upgraded payroll products to enable our customers to meet the various regulatory deadlines associated with employer-related payroll activities. If we failed to timely deliver any of our payroll products, it could cause our current and prospective customers to choose a competitor's product for that year's payroll and not to purchase Intuit products in the future. Since our payroll businesses involve processing large amounts of payroll funds and remitting large amounts of income taxes, there is a potential for errors in processing the payments or misappropriation of payroll funds by either our customers' employees or our own employees. Any such error or misappropriation could subject Intuit to liabilities that could be substantial. In addition, we are authorized by our customers to transfer money from their bank accounts to fund amounts owed to their employees and taxing authorities. It is possible that we could be held liable for such amounts in the event the client has insufficient funds to cover them. Moreover, our payroll businesses, other than our Do-It-Yourself product, include as part of their revenue interest on customer deposits not yet remitted to taxing authorities or to customers' employees. If interest rates decline, or regulatory changes occur that either decrease the amount of taxes withheld or allow less time to remit taxes to taxing authorities, it would result in less interest revenue for those businesses. If any of the above eventualities came to pass, it could have a negative impact on the revenue, profitability and future growth of our payroll businesses.

Specific Factors Affecting Our Consumer Tax and Professional Accounting Solutions Segments

We face intense competitive pressures from both the private and public sectors in our Consumer Tax and Professional Tax businesses that could have a negative impact on revenue, profitability and market position. There are formidable current and potential competitors in the private sector for both our consumer and professional tax products, and we expect competition to remain intense in the future. Our major domestic competitor for both desktop and Web-based consumer tax software continues to be H&R Block, and our largest professional tax competitors are CCH Incorporated; Kleinrock Publishing; and the Thomson Corporation. Other competitors also emerge from time to time. For example, during the 2003 tax season we lost some of our Professional Accounting Solutions customers to lower-priced offerings from competitors. In addition, we face current and potential competition from a number of publicly funded state and federal government entities that are offering individual taxpayers electronic tax preparation and/or filing services, at no cost to individual taxpayers. If governmental agencies are able to develop consumer tax preparation and filing services and to gain consumer acceptance of those services, it could have a negative impact on our financial results in future years. The federal government signed a three-year Free File Alliance agreement in October 2002 under which a number of private sector companies, rather than the federal government, are providing Web-based federal tax preparation and filing services at no cost through voluntary public services initiatives such as our Intuit Tax Freedom Project. However, future administrative, regulatory or legislative activity in this area could have a strong adverse impact on the financial performance of our Consumer Tax and Professional Tax businesses.

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

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

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

Table of Contents

Caution Regarding Forward-Looking Statements

This Report contains forward-looking statements. These forward-looking statements include our statements regarding the following: our anticipated revenue growth for fiscal 2005 being in the high single digit range; our belief that revenue growth for our core products is slowing due to market maturation; our plans to mitigate slowing revenue by developing and introducing new products and services; our plans to expand our business described under the heading “Expanding Product and Service Offerings”; our distribution channel strategies and associated revenue expectations; our estimates regarding product rebate and return reserves; and our expectation that our cash, cash equivalents and short-term investments will be sufficient to meet our working capital and capital expenditure needs for the next 12 months.

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. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements due to risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include the impact of intense competition in our business; challenges associated with upgrading and integrating our information systems; difficulty in developing and introducing new products and services effectively; failure of customers to adopt our new products as expected; unanticipated increases in customer rebate and return rates; significant impairment charges due to past acquisitions and difficulties with suppliers and distribution channels. In addition, the risks and uncertainties that are discussed in this Item 2 under the caption “Risks That Could Affect Future Results” may also impact these forward-looking statements. We encourage you to read that section carefully along with the other information provided in the Report. You should also review the information contained in our Form 10-K for fiscal 2003 (filed with the SEC on September 19, 2003) and in our other filings with the SEC, before deciding to invest in our stock or to maintain or change your investment. We undertake no obligation to revise or update any forward-looking statement for any reason, except as required by law.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Short-Term Investment and Payroll Customer Deposit Portfolio

We do not hold derivative financial instruments in our short-term investment and payroll customer deposit portfolio. Our short-term investments and payroll customer deposits 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 or cash management funds, we diversify our holdings and limit our short-term investments and payroll customer deposits with any individual issuer.

Interest Rate Risk

Our cash equivalents and our short-term investment and payroll customer deposit portfolio are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents, short-term investments and payroll customer deposits and the value of those investments. Should interest rates increase by 100 basis points from the levels of April 30, 2004, the value of our short-term investments and payroll customer deposits would decline by approximately $6.8 million.

Impact of Foreign Currency Rate Changes

The functional currency of all our international subsidiaries is the local currency. Assets and liabilities of our foreign subsidiaries are translated at the exchange rate on the balance sheet date. Revenue, costs and expenses are translated at average rates of exchange in effect during the period. We report translation gains and losses as a separate component of stockholders' equity. We include net gains and losses resulting from foreign exchange transactions on our statement of operations.

Since we translate foreign currencies (primarily Canadian dollars and British pounds) into U.S dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results. The historical impact of currency fluctuations has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant primarily because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. Due primarily to the effect of the weakening U.S. dollar on intercompany balances with our Canadian subsidiary, we recorded foreign currency exchange gains of $5.4 million in fiscal 2003 and $3.6 million in the first nine months of fiscal 2004. 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 April 30, 2004, we did not engage in foreign currency hedging activities.

ITEM 4 CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Changes in Internal Control Over Financial Reporting

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

PART II

ITEM 1 LEGAL PROCEEDINGS

On September 17, 2003, Muriel Siebert & Co., Inc. v. Intuit Inc. was filed in the Supreme Court of the State of New York, County of New York. The lawsuit alleges various claims for breach of contract, breach of express and implied covenants of good faith and fair dealing, breach of fiduciary duty, misrepresentation and/or fraud, and promissory estoppel. The allegations relate to Quicken Brokerage powered by Siebert, a strategic alliance between the two companies. The complaint seeks compensatory, punitive, and other damages. On September 22, 2003, Intuit filed an arbitration demand against Siebert & Co., Inc. in San Jose, California seeking arbitration of all claims asserted by both parties. The New York court is currently determining whether the matter will proceed in New York state court or in arbitration. Intuit believes this lawsuit is without merit and intends to defend the litigation vigorously.

Intuit is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, 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. We also believe that we would be able to obtain any necessary licenses or other rights to disputed intellectual property rights on commercially reasonable terms. However, 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.

ITEM 2 CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

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
February 1, 2004 through February 29, 2004	497,177	$44.59	480,000	$326,993,855
March 1, 2004 through March 31, 2004	5,280,113	$43.22	5,280,113	$ 98,790,171
April 1, 2004 through April 30, 2004	—	$ —	—	$ 98,790,171
Total	5,777,290	$43.34	5,760,113	

Notes:

1. The total number of shares purchased in February 2004 included a total of 17,177 shares of common stock repurchased from officers to pay income and payroll withholding taxes associated with their vesting in compensatory stock awards. On February 23, 2004, Intuit repurchased 17,157 shares from Steve Bennett at that day’s Nasdaq closing price of $44.64 per share under a Board-approved share repurchase to provide Mr. Bennett with the funds to satisfy federal and state tax obligations due to his vesting in 37,500 shares of restricted stock. In February 2004, Intuit repurchased 20 shares at a weighted average Nasdaq closing price of $48.91 per share to provide two terminating officers with funds to satisfy federal and state tax obligations due to their vesting in a total of 54 shares under Intuit’s stock compensation programs. These shares were not repurchased as part of publicly announced plans.

2. As of the date of this Report, Intuit’s active common stock repurchase plans are as follows:

Plan	Announcement Date	Dollar Amount of Approved Repurchases	Expiration Date
Repurchase Plan III	August 19, 2003	$500,000,000	November 25, 2006
Repurchase Plan IV	May 19, 2004	$500,000,000	May 17, 2007

All shares purchased as part of publicly announced plans in the third quarter of fiscal 2004 were purchased under Repurchase Plan III. Due to its adoption after the end of the third quarter of fiscal 2004, the dollar amount of potential future purchases under Repurchase Plan IV are not reflected in the purchase table under the heading “Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans.” For additional information about Intuit’s historical stock repurchase activities, see Notes 10 and 12 to the financial statements provided in this Report.

ITEM 5 OTHER MATTERS

CHANGES IN EXECUTIVE OFFICERS

Effective March 22, 2004, Brad D. Smith was appointed to the office of Senior Vice President, Consumer Tax Group. Brad Smith joined Intuit in February 2003. Prior to this role, Mr. Smith was Intuit's Vice President and General Manager of Intuit's Accountant Central and Developer Network. Mr. Smith comes to Intuit from ADP where he was the senior vice president of marketing and business development. In addition to his role at ADP, Mr. Smith has held various sales, marketing and general management positions with Pepsi, 7-Up and ADVO, Inc. Mr. Smith earned his Bachelor of Business Administration from Marshall University, and a Masters of Management from Aquinas College.

Effective April 28, 2004, Laura A. Fennell was appointed to the office of Vice President, General Counsel and Corporate Secretary. Prior to joining Intuit, Ms. Fennell spent nearly eleven years at Sun Microsystems, Inc., most recently as Vice President of Corporate Legal Resources, as well as the Acting General Counsel. Prior to joining Sun, she was an associate attorney at Wilson, Sonsini, Goodrich and Rosati. Ms. Fennell has a Bachelor of Science in Business Administration from California State University, Chico and a Juris Doctor from the University of Santa Clara.

APPOINTMENT OF DIRECTOR

Effective February 19, 2004, Dennis D. Powell was appointed to the Board of Directors and became chair of the Audit Committee. Dennis Powell has been Senior Vice President and Chief Financial Officer at Cisco Systems since May 2003. From June 2002 until his appointment as CFO, he served as Cisco's Senior Vice President, Corporate Finance. From January 1997 until June 2002, he served as Vice President, Corporate Controller. Before joining Cisco, Mr. Powell was employed by Coopers & Lybrand LLP for 26 years, most recently as a senior partner. Mr. Powell holds a Bachelor's degree in Business Administration with a concentration in Accounting from Oregon State University.

RELATED PARTY TRANSACTIONS

In December 2003 The Intuit Foundation contributed $2.5 million to a donor-advised fund to be directed by a member of our Board of Directors. The Intuit Foundation may contribute an additional $2.5 million to this foundation through November 2006.

The Intuit Foundation was established by Intuit as an independent charitable foundation in accordance with Section 501(c)(3) of the Internal Revenue Code. Intuit's initial contribution to The Intuit Foundation was $3.0 million in April 2002, and Intuit expects to make additional contributions to The Intuit Foundation over time. The Intuit Foundation was created to foster economic empowerment both nationally and in communities where Intuit has a significant number of employees.

Table of Contents

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit No.	Exhibit Description
10.01+	Director Compensation Agreement between Intuit and Dennis D. Powell, dated February 11, 2004
10.02+	Share Repurchase Agreement dated February 23, 2004 between Intuit and Stephen M. Bennett
10.03#	Amendment No. 3, dated as of March 29, 2004, to the Supply Agreement between Intuit Inc. and the John H. Harland Company
31.01	Rule 13a-14(a) Certification (Chief Executive Officer)*
31.02	Rule 13a-14(a) Certification (Chief Financial Officer)*
32.01	Section 1350 Certification (Chief Executive Officer)
32.02	Section 1350 Certification (Chief Financial Officer)

+ Indicates a management contract or compensatory plan or arrangement

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

* This certification is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Intuit specifically incorporates it by reference.

Reports on Form 8-K filed during the third quarter of fiscal 2004:

On February 18, 2004, Intuit furnished a report on Form 8-K to report under Item 12 its financial results for the quarter ended January 31, 2004, and to list under Item 7 a press release furnished with the filing. Intuit’s statement of operations and balance sheet for the three and six months ended January 31, 2004 were included with the press release that is an exhibit to the report.

Table of Contents

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: June 14, 2004

By: /s/ ROBERT B. HENSKE

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

Table of Contents

EXHIBIT INDEX

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Exhibit 10.01

Dennis

On behalf of the Board of Directors of Intuit, we are delighted to offer you a position as a Board Member of Intuit, beginning February 19, the day following our earnings announcement. In addition to your normal board duties, your responsibilities will include that of the newly created position of Chairman of the Audit Committee and Intuit's Financial Expert.

Your compensation will include the following components:

Cash Compensation

o Annual Retainer	$30,000
o Committee Retainer	$15,000
o Chairman Audit Committee	$15,000

Equity

o New Hire Grant	45,000 shares
o Annual Grant	15,000 shares
o Committee Participation Grant	5,000 shares

You will be granted the following options under Intuit's Director Stock Option Plan, a shareholder approved formula based option plan. You will be granted an option for 45,000 shares of Intuit stock on the date you are appointed a member of the Board of Directors. You will also be granted an option for 5,000 shares of Intuit stock on the date you are appointed the Chair of the Audit Committee. Your 45,000 share grant will vest over four years as to 25% of the shares on the first anniversary of the grant, then monthly as to 2.0833% of the shares. Your 5,000 share grant will vest over one year as to 8.333% per month.

On each anniversary of your appointment, you will be awarded an additional 15,000 shares for your service on the Board and an additional 5,000 shares for your service on the Audit Committee. The 15,000 share grant will vest over two years as to 50% of the shares on the first anniversary of the grant, then monthly as to 4.1666% of the shares. The 5,000 share grant will vest as to 8.33% per month.

Please note that you will be required to file Forms 3 and 4 with the Securities and Exchange Commission within 2 business days of you joining the Board to report the option grant to you.

We all look forward to working with you.

Bill Campbell
Chairman
Intuit

I accept the Intuit's offer to join its Board of Directors and serve as the Chairman of the Audit Committee and the company's Financial Expert.

Name (printed) Dennis D. Powell

Name (signature) /s/ DENNIS D. POWELL
Today's date 2/11/04

Exhibit 10.02

SHARE REPURCHASE AGREEMENT

This Agreement is made February 23, 2004 by and between Intuit Inc., a Delaware corporation (**"Intuit"**), and Stephen M. Bennett (**"Bennett"**).

WHEREAS, Intuit desires to repurchase shares of restricted common stock issued to Bennett pursuant to Restricted Stock Purchase Agreements entered into by Intuit and Bennett as of January 24, 2000 and amended as of January 17, 2001 (the **"Stock Purchase Agreements"**), to enable Bennett to satisfy his federal and state tax obligations resulting from the vesting on the date set forth above of 37,500 shares pursuant to such Stock Purchase Agreements (the **"Shares"**), and

WHEREAS, Bennett desires Intuit to repurchase such Shares to enable Bennett to satisfy his tax obligations,

NOW, THEREFORE, the parties agree as follows:

1. Bennett hereby instructs the Escrow Holder (as defined in Section 6 of the Stock Purchase Agreements) to deliver on the date set forth above 17,157 Shares (the **"Repurchased Shares"**) to Intuit, such shares being equal to the rounded up whole share amount representing 45.75% of the 37,500 Shares.

2. Bennett's total taxable income (the **"Total Taxable Income"**) on the First Vesting Date as a result of the vesting of the 37,500 Shares shall equal (i) the product obtained by multiplying the closing sales price on the Nasdaq National Market of a share of Intuit Common Stock on the date set forth above by 37,500 less (ii) the $0.01 per share price Bennett paid for the 37,500 Shares.

3. Bennett hereby instructs Intuit to transmit to (i) the U.S. Treasury 35% of the Total Taxable Income as Federal income tax withholding and 1.45% of the Total Taxable Income as required Medicare tax withholding and (ii) the State of California 9.3% of the Total Taxable Income as California State income tax withholding (the **"Total Tax Withholding"**).

4. Intuit shall receive the Repurchased Shares in full satisfaction of its payment of the Total Taxable Income.

IN WITNESS THEREOF, Intuit by its duly authorized representative and Bennett have executed this Agreement as of the date set forth above.

INTUIT INC.	STEPHEN M. BENNETT
By: /s/ ROBERT B. HENSKE	/s/ STEPHEN M. BENNETT
Robert B. Henske Chief Financial Officer	

Exhibit 10.03

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT NO. 3 TO THE SUPPLY AGREEMENT

This Amendment No. 3 (the "Amendment No. 3") to the Supply Agreement effective as of January 1, 2000 between Intuit Inc. ("Intuit") and the John H. Harland Company ("Harland"), is made and entered into as of 29th of March, 2004 ("Amendment No. 3 Effective Date"). Capitalized terms not defined herein this Amendment No. 3 shall have the meaning ascribed to them in the Supply Agreement.

RECITALS

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

B. Intuit and Harland entered into Amendment No. 1 to the Original Supply Agreement as of November 12, 2003 ("Amendment No. 1") in order to add and/or modify certain standard, mutually agreed upon terms and conditions to the Original Supply Agreement such that the parties can enter into future Product-Specific Addendums without having to restate and/or negotiate such terms.

C. Intuit and Harland entered into Amendment No. 2 to the Supply Agreement as of December 15, 2003 ("Amendment No. 2") in order to further revise certain pricing under the Original Supply Agreement. (The Original Supply Agreement, Amendment No. 1 and Amendment No. 2 are collectively referred to herein as the "Supply Agreement.")

D. The parties are now entering into this Amendment No. 3 to the Supply Agreement in order to further revise certain pricing under the Supply Agreement and extend the term of the Supply Agreement.

NOW THEREFORE, the parties hereby amend the Supply Agreement to add and/or modify the following terms and conditions as follows:

1. Effective as of the dates set forth in this section, the new pricing for Checks and Forms and Deposits shall supersede and replace the pricing for Checks and Forms and Deposits listed on Exhibit B (Manufacturing Prices) of the Supply Agreement as follows:

(a) The pricing for Checks and Forms and Deposits listed on the attached **Exhibit B-1 (Manufacturing Prices: August 1, 2004 — July 31, 2005)** shall apply to all such products listed on this exhibit ordered from August 1, 2004 through and including July 31, 2005.

(b) The pricing for Checks and Forms and Deposits listed on the attached **Exhibit B-2 (Manufacturing Prices: August 1, 2005 — through termination of the Supply Agreement)** shall apply to all such products listed on this exhibit ordered from August 1, 2005 through termination of the Supply Agreement.

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

2. In the event that during the period beginning * Intuit has * under the Supply Agreement (and any addenda), then Harland shall *. Such * and shall be * under the Supply Agreement (and any addenda) and this Amendment No. 3.

3. The Checks and Forms and Deposits products under the Original Supply Agreement shall * of the Original Supply Agreement. (For purposes of clarification, this Section 3 of Amendment No. 3 shall have no effect on any other products under the Supply Agreement or any addenda.)

4. Section 2 (TERM) of the Original Supply Agreement shall be superceded and replaced with the following text:

> TERM. The ***"Term"*** of this Agreement means the time period beginning on the Effective Date and ending on the earlier of (i) **August 31, 2006**, or (ii) the date this Agreement is terminated in accordance with the provisions of Section 45 hereof, *provided however*, that if this Agreement is renewed in accordance with the provisions of Section 43 (OPTION TO RENEW), then the "Term" shall include any term for which this Agreement is renewed pursuant to Section 43 hereof.

5. Except as specified in this Amendment No. 3, the terms and conditions of the Supply Agreement and all addenda thereto shall remain in full force and effect. In the event of conflict between the terms and conditions of the Supply Agreement and this Amendment No. 3, the terms of this Amendment No. 3 shall control with respect to the subject matter hereof.

IN WITNESS WHEREOF, Intuit and Harland have executed and entered into this Amendment No. 3 by their duly authorized representatives.

JOHN H. HARLAND COMPANY		**INTUIT INC.**
By: /s/ JOHN HEALD		By: /s/ SCOTT BETH
Printed Name:		Printed Name: Scott Beth
Title:		Title: VP, Procurement
Date:		Date: 4-20-04

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

Exhibit B-1
(Manufacturing Prices:
August 1, 2004 — July 31, 2005)

	Checks						
	Standard 1-part	**Standard 2-part**	**Standard 3-part**	**Voucher 1-part**	**Voucher 2-part**	**Voucher 3-part**	**Wallet 1-part**
				Laser			
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*
				Continuous			
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*

	Forms and Deposits						
	Form 1-part	**Form 2-part**	**Form 3-part**	**Form 4-part**	**Deposit 1-part**	**Deposit 2-part**	**Deposit 3-part**
				Laser			
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*
		Continuous				Book	
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*

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

Exhibit B-2
(Manufacturing Prices:
August 1, 2005 — through termination of the Supply Agreement)

	Checks						
	Standard 1-part	**Standard 2-part**	**Standard 3-part**	**Voucher 1-part**	**Voucher 2-part**	**Voucher 3-part**	**Wallet 1-part**
				Laser			
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*
		Continuous				Book	
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*

	Forms and Deposits						
	Form 1-part	**Form 2-part**	**Form 3-part**	**Form 4-part**	**Deposit 1-part**	**Deposit 2-part**	**Deposit 3-part**
				Laser			
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*
		Continuous				Book	
250	*	*	*	*	*	*	*
500	*	*	*	*	*	*	*
1000	*	*	*	*	*	*	*
2000	*	*	*	*	*	*	*
3000	*	*	*	*	*	*	*

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

	Forms and Deposits						
	Form 1-part	Form 2-part	Form 3-part	Form 4-part	Deposit 1-part	Deposit 2-part	Deposit 3-part
4000	*	*	*	*	*	*	*
5000	*	*	*	*	*	*	*
Add'l 1000	*	*	*	*	*	*	*

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

Exhibit 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13 a-14(a)/15D-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Bennett, President and Chief Executive Officer of Intuit Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intuit Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   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 controls.

Date: June 14, 2004

By: /s/ STEPHEN M. BENNETT

Stephen M. Bennett
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13 a-14(a)/15D-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert B. Henske, Senior Vice President and Chief Financial Officer of Intuit Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intuit Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   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 controls.

Date: June 14, 2004

By: /s/ ROBERT B. HENSKE

Robert B. Henske
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 fiscal quarter ended April 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Stephen M. Bennett, President and Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN M. BENNETT

Stephen M. Bennett
President and Chief Executive Officer

Date: June 14, 2004

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 fiscal quarter ended April 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert B. Henske, Senior Vice President and Chief Financial Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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/ ROBERT B. HENSKE

Robert B. Henske
Senior Vice President and Chief Financial Officer

Date: June 14, 2004