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

FORM 10-Q

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

For the quarterly period ended April 30, 2006

OR

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

For the transition period from _________ to _________.

Commission File Number 0-21180

INTUIT INC.
(Exact name of registrant as specified in its charter)

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

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

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

Indicate by 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 þ No o

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer o Non-accelerated filer o

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

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

170,847,931 shares of Common Stock, $0.01 par value, as of May 31, 2006

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PART I
ITEM 1
FINANCIAL STATEMENTS

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts; unaudited)	Three Months Ended April 30, 2006	Three Months Ended April 30, 2005	Nine Months Ended April 30, 2006	Nine Months Ended April 30, 2005
Net revenue:				
Product	$ 420,201	$ 414,730	$ 1,159,734	$ 1,065,931
Service	512,695	402,352	784,232	621,919
Other	19,707	17,782	55,412	48,034
Total net revenue	952,603	834,864	1,999,378	1,735,884
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	43,667	44,916	147,837	138,623
Cost of service revenue	58,162	50,126	168,829	137,336
Cost of other revenue	6,102	6,928	18,076	17,836
Amortization of purchased intangible assets	2,289	2,542	8,001	7,709
Selling and marketing	187,654	158,035	531,987	460,039
Research and development	97,335	78,394	294,699	229,705
General and administrative	74,009	67,743	202,901	173,809
Acquisition-related charges	3,278	3,966	10,590	12,576
Total costs and expenses	472,496	412,650	1,382,920	1,177,633
Operating income from continuing operations	480,107	422,214	616,458	558,251
Interest and other income	8,691	5,727	20,317	12,564
Gains on marketable equity securities and other investments, net	79	124	7,373	342
Income from continuing operations before income taxes	488,877	428,065	644,148	571,157
Income tax provision	190,229	129,992	247,864	173,607
Net income from continuing operations	298,648	298,073	396,284	397,550
Net income from discontinued operations	—	2,434	39,533	4,073
Net income	$ 298,648	$ 300,507	$ 435,817	$ 401,623
Basic net income per share from continuing operations	$ 1.74	$ 1.63	$ 2.27	$ 2.14
Basic net income per share from discontinued operations	—	0.01	0.22	0.02
Basic net income per share	$ 1.74	$ 1.64	$ 2.49	$ 2.16
Shares used in basic per share amounts	171,835	183,422	174,828	186,062
Diluted net income per share from continuing operations	$ 1.68	$ 1.60	$ 2.19	$ 2.10
Diluted net income per share from discontinued operations	—	0.01	0.22	0.02
Diluted net income per share	$ 1.68	$ 1.61	$ 2.41	$ 2.12
Shares used in diluted per share amounts	177,959	186,887	181,113	189,808

Net income for the three and nine months ended April 30, 2006 included share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded as a result of our adoption of SFAS 123(R) on August 1, 2005. For continuing operations, this expense totaled $15.8 million and $51.4 million before income taxes and $10.3 million and $32.7 million net of income taxes for those periods. We recorded no share-based compensation expense for stock options or our Employee Stock Purchase Plan for the three and nine months ended April 30, 2005 because we did not adopt the optional recognition provisions of SFAS 123. As previously disclosed in the notes to our financial statements for the three and nine months ended April 30, 2005, net income including pro forma share-based compensation expense for those periods was $290.6 million and $364.9 million. See Note 1 and Note 10 to the financial statements for additional information.

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands; unaudited)	April 30, 2006	July 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 252,969	$ 83,842
Investments	1,029,208	910,416
Accounts receivable, net	144,940	86,125
Deferred income taxes	61,647	54,854
Prepaid expenses, taxes and other current assets	79,553	99,275
Current assets of discontinued operations	—	21,989
Current assets before funds held for payroll customers	1,568,317	1,256,501
Funds held for payroll customers	408,790	357,838
Total current assets	1,977,107	1,614,339
Property and equipment, net	197,495	208,548
Goodwill, net	530,095	509,499
Purchased intangible assets, net	62,096	69,678
Long-term deferred income taxes	147,878	118,475
Loans to executive officers and other employees	8,865	9,245
Other assets	35,250	30,078
Long-term assets of discontinued operations	—	156,589
Total assets	$ 2,958,786	$ 2,716,451
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 92,985	$ 65,812
Accrued compensation and related liabilities	139,095	144,823
Deferred revenue	220,271	279,382
Income taxes payable	241,049	30,423
Other current liabilities	167,952	103,131
Current liabilities of discontinued operations	—	21,995
Current liabilities before payroll customer fund deposits	861,352	645,566
Payroll customer fund deposits	408,790	357,838
Total current liabilities	1,270,142	1,003,404
Long-term obligations	15,709	17,308
Long-term obligations of discontinued operations	—	240
Total long-term obligations	15,709	17,548
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	2,063,333	1,977,954
Treasury stock, at cost	(2,033,456)	(1,557,833)
Deferred compensation	—	(16,283)
Accumulated other comprehensive income	2,482	174
Retained earnings	1,640,576	1,291,487
Total stockholders' equity	1,672,935	1,695,499
Total liabilities and stockholders' equity	$ 2,958,786	$ 2,716,451

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Nine Months Ended April 30, 2006 and 2005

(Dollars in thousands; unaudited)	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Treasury Stock	Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2005	**179,270,062**	**$ 1,793**	**$1,976,161**	**$ (1,557,833)**	**$ (16,283)**	**$ 174**	**$1,291,487**	**$ 1,695,499**
Reclassification of deferred compensation balance upon adoption of SFAS 123(R)			(16,283)		16,283			—
Components of comprehensive income:								
Net income							435,817	435,817
Other comprehensive income, net of tax						2,308		2,308
Comprehensive net income								438,125
Issuance of common stock upon exercise of options and other	6,249,588	62		285,931			(84,473)	201,520
Issuance of common stock pursuant to Employee Stock Purchase Plan	399,419	4		18,277			(2,255)	16,026
Stock repurchases under stock repurchase programs	(15,426,913)	(154)		(779,831)				(779,985)
Tax benefit from employee stock option transactions			46,109					46,109
Share-based compensation — restricted stock			4,000					4,000
Share-based compensation — all other (1)			51,641					51,641
Balance at April 30, 2006	**170,492,156**	**$ 1,705**	**$2,061,628**	**$(2,033,456)**	**$ —**	**$ 2,482**	**$1,640,576**	**$ 1,672,935**

(1) Includes $51,364 for continuing operations and $277 for Intuit Information Technology Solutions discontinued operations.

(Dollars in thousands; unaudited)	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Treasury Stock	Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2004	**190,090,604**	**$ 1,901**	**$1,947,325**	**$(1,088,389)**	**$ (19,434)**	**$ (3,375)**	**$ 984,391**	**$ 1,822,419**
Components of comprehensive income:								
Net income							401,623	401,623
Other comprehensive income, net of tax						1,679		1,679
Comprehensive net income								403,302
Issuance of common stock upon exercise of options and other	2,840,230	28		128,762			(47,330)	81,460
Issuance of common stock pursuant to Employee Stock Purchase Plan	462,469	5		21,898			(5,958)	15,945
Stock repurchases under stock repurchase programs	(11,493,290)	(115)		(499,881)				(499,996)
Repurchases of vested restricted stock	(16,053)			(671)				(671)
Tax benefit from employee stock option transactions			14,203					14,203
Stock bonus awards and related stock issuance	253		71		(71)			—
Retirement of treasury stock and other	74		(7)	7				—
Reduction of deferred stock compensation due to stock option cancellations			(33)		33			—
Share-based compensation — restricted stock					4,370			4,370
Share-based compensation — acquisitions					133			133
Balance at April 30, 2005	**181,884,287**	**$ 1,819**	**$1,961,559**	**$(1,438,274)**	**$ (14,969)**	**$ (1,696)**	**$1,332,726**	**$ 1,841,165**

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands; unaudited)	Three Months Ended April 30, 2006	Three Months Ended April 30, 2005	Nine Months Ended April 30, 2006	Nine Months Ended April 30, 2005
Cash flows from operating activities:				
Net income	$ 298,648	$ 300,507	$ 435,817	$ 401,623
Net income from discontinued operations	—	(2,434)	(39,533)	(4,073)
Net income from continuing operations	**298,648**	**298,073**	**396,284**	**397,550**
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:				
Depreciation	23,117	32,517	68,878	77,247
Acquisition-related charges	3,278	3,966	10,590	12,576
Amortization of purchased intangible assets	2,289	2,542	8,001	7,709
Amortization of other purchased intangible assets	2,526	2,220	6,816	5,986
Share-based compensation — restricted stock	1,347	1,119	4,000	4,370
Share-based compensation — all other	15,844	—	51,364	—
Loss (gain) on disposal of property and equipment	62	(546)	(65)	(680)
Amortization of premiums and discounts on available-for-sale debt securities	720	2,569	2,786	8,315
Net realized loss on sales of available-for-sale debt securities	15	99	493	1,619
Net gains on marketable equity securities and other investments	(79)	(124)	(7,373)	(342)
Deferred income taxes	(33,670)	(42,566)	(35,278)	(42,296)
Tax benefit from share-based compensation plans	17,033	5,154	46,109	14,203
Excess tax benefit from share-based compensation plans	(9,564)	—	(22,949)	—
Gain on foreign exchange transactions	(238)	(46)	(132)	(408)
Subtotal	321,328	304,977	529,524	485,849
Changes in operating assets and liabilities:				
Accounts receivable	174,665	167,749	(58,186)	(49,580)
Prepaid expenses, taxes and other current assets	2,802	12,320	35,172	3,041
Accounts payable	(33,146)	(6,719)	26,456	25,656
Accrued compensation and related liabilities	14,485	10,220	(5,997)	(13,764)
Deferred revenue	(36,607)	(44,055)	(59,669)	(11,245)
Income taxes payable	209,478	167,185	201,050	184,339
Other current liabilities	5,643	(41,791)	62,645	67,057
Total changes in operating assets and liabilities	337,320	264,909	201,471	205,504
Net cash provided by operating activities of continuing operations	**658,648**	**569,886**	**730,995**	**691,353**
Net cash provided by operating activities of discontinued operations	—	5,727	14,090	17,110
Net cash provided by operating activities	**658,648**	**575,613**	**745,085**	**708,463**
Cash flows from investing activities:				
Purchases of available-for-sale debt securities	(589,772)	(685,709)	(1,271,564)	(2,028,769)
Liquidation and maturity of available-for-sale debt securities	270,696	392,351	1,149,418	1,872,883
Proceeds from sale of marketable equity securities	5,765	—	10,000	—
Net change in funds held for payroll customers' money market funds and other cash equivalents	15,218	(30,346)	(50,952)	(38,191)
Purchases of property and equipment	(11,539)	(18,757)	(59,451)	(56,317)
Proceeds from sale of property	2,692	3,151	3,026	3,151
Change in other assets	655	165	(5,724)	(4,445)
Net change in payroll customer funds deposits	(15,218)	30,346	50,952	38,191
Acquisitions of businesses and intangible assets, net of cash acquired	(2,977)	—	(36,858)	(4,156)
Net cash used in investing activities of continuing operations	**(324,480)**	**(308,799)**	**(211,153)**	**(217,653)**
Net proceeds from sales of discontinued operations	—	422	171,833	9,619
Net cash used in investing activities	**(324,480)**	**(308,377)**	**(39,320)**	**(208,034)**
Cash flows from financing activities:				
Change in long-term obligations	(71)	(1,552)	(721)	(2,893)
Net proceeds from issuance of common stock under stock plans	69,995	37,035	217,546	97,405
Purchase of treasury stock	(285,004)	(216,456)	(779,985)	(500,667)
Excess tax benefit from share-based compensation plans	9,564	—	22,949	—
Net cash used in financing activities	**(205,516)**	**(180,973)**	**(540,211)**	**(406,155)**
Effect of exchange rates on cash and cash equivalents	1,611	(371)	3,573	493
Net increase in cash and cash equivalents	**130,263**	**85,892**	**169,127**	**94,767**
Cash and cash equivalents at beginning of period	122,706	34,867	83,842	25,992
Cash and cash equivalents at end of period	**$ 252,969**	**$ 120,759**	**$ 252,969**	**$ 120,759**

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 amounts previously reported in our financial statements to conform to the current presentation, including amounts related to discontinued operations.

As discussed later in this Note 1, we adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), *"Share-Based Payment,"* on August 1, 2005 using the modified prospective transition method. Accordingly, our operating income from continuing operations for the three and nine months ended April 30, 2006 includes approximately $15.8 million and $51.4 million in share-based employee compensation expense for stock options and our Employee Stock Purchase Plan. Because we elected to use the modified prospective transition method, results for prior periods have not been restated.

As discussed in Note 5, in December 2005 we sold our Intuit Information Technology Solutions (ITS) business and in December 2004 we sold our Intuit Public Sector Solutions (IPSS) business. Accordingly, we have reclassified our financial statements for all periods prior to the sales to reflect ITS and IPSS 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, 2005 included in Intuit's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 26, 2005. Results for the three and nine months ended April 30, 2006 do not necessarily indicate the results we expect for the fiscal year ending July 31, 2006 or any other future period.

Our QuickBooks, Consumer Tax and Professional Tax businesses are highly seasonal. Some of our other offerings are also seasonal, but to a lesser extent. Revenue from many of our small business software products, including QuickBooks, tends to be concentrated around calendar year end. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. These seasonal patterns mean that our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while operating expenses continue at relatively consistent levels.

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 to estimate the fair value of share-based compensation. See Note 10, *"Stockholders' Equity – Share-Based Compensation Plans."* Despite our intention to establish accurate estimates and use reasonable assumptions, actual results may differ from our estimates.

Net Revenue

We derive revenue from the sale of packaged software products, license fees, software subscriptions, product support, professional services, outsourced payroll services, merchant services, transaction fees and multiple element arrangements that may include any combination of these items. We recognize revenue for software products and related services in accordance with the American Institute of Certified Public Accountants' Statement of Position

(SOP) 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 relative fair value of undelivered elements under multiple element arrangements until we ship the products or perform the services. Deferred revenue consisted of the following at the dates indicated:

(In thousands)	April 30, 2006	July 31, 2005
Product and product-related services	$178,640	$261,135
Customer support	41,631	18,247
Total deferred revenue	$220,271	$279,382

In accordance with the Financial Accounting Standards Board's (FASB's) Emerging Issues Task Force Issue No. 01-9, *"Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Product,"* we 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 recognize revenue from the sale of our packaged software products and supplies when legal title transfers, which is generally 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 retailers. We recognize revenue for these consignment transactions only when the end-user sale has occurred. For products that are sold on a subscription basis and include periodic updates, we recognize revenue ratably over the contractual time period.

We recognize product revenue in accordance with SFAS 48, *"Revenue Recognition When Right of Return Exists."* 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. 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.

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 Web services such as TurboTax Online and electronic tax filing services in both our Consumer Tax and Professional Tax segments. Service revenue for electronic payment processing services that we provide to merchants is recorded net of interchange fees charged by credit card associations because we do not control these fees. Finally, service revenue includes revenue from consulting and training services, primarily in our Intuit-Branded Small Business segment. 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 displayed or pro rata based on the contractual time period of the advertisements.

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 of fair value (VSOE). 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 an undelivered service element, we recognize the revenue from the arrangement as the services are delivered. 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 revenue and service revenue 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.

Customer Service and Technical Support

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

Leases

We review all leases for capital or operating classification at their inception under the guidance of SFAS 13, *"Accounting for Leases,"* as amended. We use our incremental borrowing rate in the assessment of lease classification and define the initial lease term to include the construction build-out period but to exclude lease extension periods. We conduct our operations primarily under operating leases. For leases that contain rent escalations, we record the total rent payable during the lease term, as defined above, on a straight-line basis over the initial term of the lease. We record the difference between the rents paid and the straight-line rent in a deferred rent account in other current liabilities or long-term obligations, as appropriate, on our balance sheets.

In accordance with FASB Technical Bulletin (FTB) No. 88-1, *"Issues Relating to Accounting for Leases,"* we record landlord allowances as deferred rent liabilities in other current liabilities or long-term obligations, as appropriate, on our balance sheets. We record landlord cash incentives as operating activity on our statements of cash flows. We record other landlord allowances as non-cash investing and financing activities on our statements of cash flows. Also in accordance with FTB 88-1, we classify the amortization of landlord allowances as a reduction of occupancy expense on our statements of operations.

Income Taxes

When we prepare our 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 United States 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 income 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. As a result, 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 and materially affect 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.

We record a valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets (consisting primarily of certain state capital loss and net operating 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.

Per Share Computations

We compute basic net income or loss per share using the weighted average number of common shares outstanding during the period. We compute diluted net income 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. We exclude stock options with combined exercise prices and unamortized fair values that are greater than the average market price for our common stock from the calculation of diluted net income per share because their effect is anti-dilutive. In loss periods, basic net loss per share and diluted net loss per share are identical since the effect of common equivalent shares is anti-dilutive and therefore excluded.

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

(In thousands, except per share amounts)	Three Months Ended April 30, 2006	Three Months Ended April 30, 2005	Nine Months Ended April 30, 2006	Nine Months Ended April 30, 2005
Numerator:				
Net income from continuing operations	$ 298,648	$ 298,073	$ 396,284	$ 397,550
Net income from discontinued operations	—	2,434	39,533	4,073
Net income	$ 298,648	$ 300,507	$ 435,817	$ 401,623
Denominator:				
Shares used in basic per share amounts:				
Weighted average common shares outstanding	171,835	183,422	174,828	186,062
Shares used in diluted per share amounts:				
Weighted average common shares outstanding	171,835	183,422	174,828	186,062
Dilutive common equivalent shares from stock options and restricted stock awards	6,124	3,465	6,285	3,746
Dilutive weighted average common shares outstanding	177,959	186,887	181,113	189,808
Basic and diluted net income per share:				
Basic net income per share from continuing operations	$ 1.74	$ 1.63	$ 2.27	$ 2.14
Basic net income per share from discontinued operations	—	0.01	0.22	0.02
Basic net income per share	$ 1.74	$ 1.64	$ 2.49	$ 2.16
Diluted net income per share from continuing operations	$ 1.68	$ 1.60	$ 2.19	$ 2.10
Diluted net income per share from discontinued operations	—	0.01	0.22	0.02
Diluted net income per share	$ 1.68	$ 1.61	$ 2.41	$ 2.12
Weighted average stock options excluded from calculation due to anti-dilutive effect:				
Stock options with combined exercise prices and unamortized fair values that were greater than the average market price for the common stock in the period	3,836	12,136	8,485	10,147

Cash Equivalents and 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. Investments consist of available-for-sale debt securities that we carry at fair value. We use the specific identification method to compute gains and losses on investments. We include unrealized gains and losses on 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 investments held as available-for-sale securities. See Note 2.

Funds Held for Payroll Customers and Payroll Customer Fund Deposits

Funds held for payroll customers represent amounts held on behalf of our payroll customers that are invested in cash, cash equivalents and investments. Payroll customer fund deposits consist primarily of direct deposit funds and 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 SFAS 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 under SFAS 142 is generally based on a blend of an analysis of the present value of estimated future discounted cash flows and a comparison of revenue and operating income multiples for companies of similar industry and/or size. Our measurement of fair value under SFAS 144 is generally based on the present value of estimated future discounted cash flows. Our analysis is based on available information and on assumptions and projections that we consider to be reasonable and supportable. 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.

Share-Based Compensation Plans

Our share-based employee compensation plans are described in Note 10. Prior to August 1, 2005, we accounted for these share-based employee compensation plans under the measurement and recognition provisions of Accounting Principles Board (APB) Opinion No. 25, *"Accounting for Stock Issued to Employees,"* and related Interpretations, as permitted by SFAS 123, *"Accounting for Stock-Based Compensation."* Accordingly, we recorded no share-based employee compensation expense for options granted under the 2005 Plan or its predecessor plans during the three and nine months ended April 30, 2005 as all options granted under those plans had exercise prices equal to the fair market value of our common stock on the date of grant. We also recorded no compensation expense in those periods in connection with our Employee Stock Purchase Plan as the purchase price of the stock was not less than 85% of the lower of the fair market value of our common stock at the beginning of each offering period or at the end of each purchase period. In accordance with SFAS 123 and SFAS 148, *"Accounting for Stock-Based Compensation – Transition and Disclosure,"* we provided pro forma net income or loss and net income or loss per share disclosures for each period prior to the adoption of SFAS 123(R) as if we had applied the fair value-based method in measuring compensation expense for our share-based compensation plans.

Effective August 1, 2005, we adopted the fair value recognition provisions of SFAS 123(R), *"Share-Based Payment,"* using the modified prospective transition method. Under that transition method, compensation expense that we recognized for the three and nine months ended April 30, 2006 included: (a) period compensation expense for all share-based payments granted prior to, but not yet vested as of, August 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, adjusted for forfeitures, and (b) period compensation expense for all share-based payments granted on or after August 1, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Because we elected to use the modified prospective transition method, results for prior periods have not been restated. In March 2005 the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 107, which provides supplemental implementation guidance for SFAS 123(R). We have applied the provisions of SAB 107 in our adoption of SFAS 123(R). See Note 10 for information on the impact of our adoption of SFAS 123(R) and the assumptions we use to calculate the fair value of share-based employee compensation.

Concentration of Credit Risk and Significant Customers and Suppliers

We operate in markets that are highly competitive and rapidly changing. Significant technological changes, shifting 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 investments and funds held for payroll customers. Our portfolio of investments consists of investment-grade securities and our funds held for payroll customers consist of cash, cash equivalents and 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 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. For example, at January 31, 2006, in the midst of the 2005 consumer tax season, amounts due from our eight largest retailers and distributors represented approximately 47% of total 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. No distributor or individual retailer accounted for 10% or more of total net revenue in the three or nine months ended April 30, 2006 or 2005. No customer accounted for 10% or more of total accounts receivable at April 30, 2006 or July 31, 2005. Amounts due from Rock Acquisition Corporation, the purchaser of our Quicken Loans mortgage business, under certain licensing and distribution agreements comprised 11% of total accounts receivable at July 31, 2005.

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 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

SFAS 154, "Accounting Changes and Error Corrections"

On June 1, 2005 the FASB issued SFAS 154, *"Accounting Changes and Error Corrections,"* which replaces APB 20, *"Accounting Changes,"* and SFAS 3, *"Reporting Accounting Changes in Interim Financial Statements."* SFAS 154 applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. SFAS 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes made in fiscal years beginning after June 1, 2005. We do not expect our adoption of this new standard to have a material impact on our financial position, results of operations or cash flows.

SFAS 155, "Accounting for Certain Hybrid Instruments"

On February 16, 2006 the FASB issued SFAS 155, *"Accounting for Certain Hybrid Instruments,"* which amends SFAS 133, *"Accounting for Derivative Instruments and Hedging Activities,"* and SFAS 140, *"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."* SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. This statement is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. We do not expect our adoption of this new standard to have a material impact on our financial position, results of operations or cash flows.

2. Investments and Funds Held for Payroll Customers

As discussed in Note 1, *"Concentration of Credit Risk and Significant Customers and Suppliers,"* our portfolio of investments consists of investment-grade securities and our funds held for payroll customers consist of cash, cash equivalents and 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 investments by limiting our holdings with any individual issuer.

As also discussed in Note 1, *"Cash Equivalents and Investments,"* investments consist of available-for-sale debt securities that we carry at fair value. The following table summarizes our investments and funds held for payroll customers at the dates indicated.

	April 30, 2006		July 31, 2005	
(In thousands)	Cost	Fair Value	Cost	Fair Value
Type of issue:				
Cash and cash equivalents in funds held for payroll customers	$ 316,369	$ 316,369	$ 263,860	$ 263,860
Available-for-sale debt securities:				
Corporate notes	—	—	7,000	7,000
Municipal bonds	1,112,643	1,111,738	981,341	980,500
U.S. government securities	10,000	9,891	16,991	16,894
Total available-for-sale debt securities	1,122,643	1,121,629	1,005,332	1,004,394
Total investments and funds held for payroll customers	$ 1,439,012	$ 1,437,998	$1,269,192	$1,268,254
Classification of investments on balance sheets:				
Investments	$ 1,030,222	$ 1,029,208	$ 911,354	$ 910,416
Funds held for payroll customers	408,790	408,790	357,838	357,838
Total investments and funds held for payroll customers	$ 1,439,012	$ 1,437,998	$1,269,192	$1,268,254

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income (loss) in the equity section of our balance sheet. Gross unrealized gains and losses on our available-for-sale debt securities were as follows at the dates indicated:

(In thousands)	April 30, 2006	July 31, 2005
Gross unrealized gains	$ 5	$ 31
Gross unrealized losses	(1,019)	(969)
Net unrealized losses	$ (1,014)	$ (938)

The following table summarizes the fair value and gross unrealized losses related to 92 available-for-sale debt securities, aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position, at April 30, 2006:

	In a Loss Position for Less Than 12 Months		In a Loss Position for 12 Months or More		Total in a Loss Position	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate notes	$ —	$ —	$ —	$ —	$ —	$ —
Municipal bonds	205,058	(856)	22,011	(53)	227,069	(909)
U.S. government securities	9,890	(110)	—	—	9,890	(110)
	$ 214,948	$ (966)	$ 22,011	$ (53)	$ 236,959	$ (1,019)

We periodically review our investment portfolios to determine if any investment is other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. We believe that the investments that we held at April 30, 2006 were not other-than-temporarily impaired. While certain available-for-sale debt securities have fair values that are below cost, we believe that if the securities were held to maturity it is probable that principal and interest would be collected in accordance with contractual terms, and that the decline in market value is due to changes in interest rates and not due to increased credit risk.

We include realized gains and losses on our available-for-sale debt securities in interest and other income on our statement of operations. Gross realized gains and losses on our available-for-sale debt securities were as follows for the periods indicated:

	Three Months Ended		Nine Months Ended	
(In thousands)	April 30, 2006	April 30, 2005	April 30, 2006	April 30, 2005
Gross realized gains	$ 2	$ 3	$ 12	$ 168
Gross realized losses	(17)	(102)	(505)	(1,787)
Net realized losses	$ (15)	$ (99)	$ (493)	$(1,619)

The following table summarizes our available-for-sale debt securities held in investments and funds held for payroll customers, classified by the stated maturity date of the security.

	April 30, 2006	
(In thousands)	Cost	Fair Value
Due within one year	$ 145,845	$ 145,382
Due within two years	67,613	67,278
Due within three years	3,151	3,137
Due after three years	906,034	905,832
Total available-for-sale debt securities	$ 1,122,643	$ 1,121,629

Approximately 90% of our available-for-sale debt securities at April 30, 2006 had an interest reset date, put date or mandatory call date within one year.

3. Goodwill and Purchased Intangible Assets

In November 2005 we acquired all of the outstanding shares of My Corporation Business Services, Inc. for $20.9 million in cash. We deposited $3.0 million of the purchase price in a third-party escrow account, to be held for up to eighteen months from the date of purchase to satisfy potential indemnification claims that may affect the purchase price. Doing business as MyCorporation.com, the company offers online incorporation and related corporate services to small and medium-sized businesses. We acquired MyCorporation.com as part of our Right for Me initiative to offer a wider range of business solutions for small businesses. MyCorporation.com became part of our Consumer Tax segment. Tangible assets and liabilities acquired were not significant. We allocated $1.4 million of the purchase price to identified intangible assets and recorded the excess purchase price of $19.5 million as goodwill. The identified intangible assets are being amortized over terms ranging from two to four years. In accordance with purchase accounting rules, we have included MyCorporation's results of operations in our consolidated results of operations from the date of acquisition. MyCorporation.com's results of operations for periods prior to the date of acquisition were not material when compared with our consolidated results.

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 that the components of other comprehensive income (loss), such as changes in the fair value of available-for-sale securities and foreign currency translation adjustments, 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 for the periods indicated:

	Unrealized Gain (Loss) on			
(In thousands)	Investments	Marketable Securities	Foreign Currency Translation	Total
Balance July 31, 2005	$ (582)	$ 1,451	$ (695)	$ 174
Unrealized (loss) gain, net of income tax benefit of $216 and provision of $1,354	(353)	2,210	—	1,857
Reclassification adjustment for realized loss (gain) included in net income, net of income tax provision of $187 and benefit of $2,244	306	(3,661)	—	(3,355)
Translation adjustment	—	—	3,806	3,806
Other comprehensive income (loss)	(47)	(1,451)	3,806	2,308
Balance April 30, 2006	$ (629)	$ —	$ 3,111	$ 2,482
Balance July 31, 2004	$ (1,502)	$ 375	$ (2,248)	$ (3,375)
Unrealized (loss) gain, net of income tax benefit of $520 and provision of $785	(980)	1,314	—	334
Reclassification adjustment for realized loss included in net income, net of income tax provision of $616	1,004	—	—	1,004
Translation adjustment	—	—	341	341
Other comprehensive income	24	1,314	341	1,679
Balance April 30, 2005	$ (1,478)	$ 1,689	$ (1,907)	$ (1,696)

Comprehensive net income was as follows for the periods indicated:

(In thousands)	Three Months Ended April 30, 2006	Three Months Ended April 30, 2005	Nine Months Ended April 30, 2006	Nine Months Ended April 30, 2005
Net income	$ 298,648	$ 300,507	$ 435,817	$ 401,623
Other comprehensive income (loss)	1,170	(994)	2,308	1,679
Comprehensive net income, net of income taxes	$ 299,818	$ 299,513	$ 438,125	$ 403,302
Income tax provision (benefit) netted against other comprehensive income	$ 33	$ (344)	$ (919)	$ 881

5. Discontinued Operations

Intuit Information Technology Solutions

In December 2005 we sold our Intuit Information Technology Solutions (ITS) business for approximately $200 million in cash. The buyer deposited approximately $20 million of the total purchase price in a third-party escrow account to be held through December 2006 to cover breaches of representations and warranties set forth in the purchase agreement, should they arise. The full escrow amount is included in other current assets on our balance sheet at April 30, 2006. ITS was part of our Intuit-Branded Small Business segment. The decision to sell ITS was a result of our desire to focus resources on our core products and services.

In accordance with the provisions of SFAS 144, *"Accounting for the Impairment or Disposal of Long-lived Assets,"* we accounted for the sale as discontinued operations. We have therefore segregated the net assets, operating results and cash flows of ITS from continuing operations on our balance sheet at July 31, 2005 and from our statements of operations and statements of cash flows for all periods prior to the sale. We recorded a $34.3 million net gain on disposal of ITS which is included in net income from discontinued operations on our statement of operations for the nine months ended April 30, 2006. See the table later in this Note 5 for the components of net income from discontinued operations.

Intuit Public Sector Solutions

In December 2004 we sold our Intuit Public Sector Solutions (IPSS) business for approximately $11 million in cash. IPSS was part of our Intuit-Branded Small Business segment. The decision to sell IPSS was a result of our desire to focus resources on our core products and services. In accordance with SFAS 144, we accounted for the sale as discontinued operations. We have therefore segregated the operating results and cash flows of IPSS from continuing operations on our statements of operations and statements of cash flows for all periods prior to the sale. We recorded a $4.8 million net loss on disposal of IPSS for the six months ended January 31, 2005 that included a $4.3 million income tax provision for the estimated tax payable in connection with the expected tax gain on the sale of IPSS.

Components of Net Income (Loss) from Discontinued Operations

The components of net income (loss) from discontinued operations on our statements of operations as well as net revenue from discontinued operations and income or loss from discontinued operations before income taxes were as follows for the periods indicated:

	Three Months Ended		Nine Months Ended	
(In thousands)	April 30, 2006	April 30, 2005	April 30, 2006	April 30, 2005
Net income (loss) from discontinued operations				
Net loss from Intuit Public Sector Solutions operations	$ —	$ —	$ —	$ (486)
Net loss on disposal of Intuit Public Sector Solutions discontinued operations	—	—	—	(4,771)
Net income from Intuit Information Technology Solutions operations	—	2,434	5,209	9,330
Net gain on disposal of Intuit Information Technology Solutions discontinued operations	—	—	34,324	—
Total net income from discontinued operations	$ —	$ 2,434	$ 39,533	$ 4,073
Net revenue from discontinued operations				
Intuit Public Sector Solutions	$ —	$ —	$ —	$ 3,827
Intuit Information Technology Solutions	—	14,641	20,167	42,250
Total net revenue from discontinued operations	$ —	$ 14,641	$ 20,167	$ 46,077
Income (loss) from discontinued operations before income taxes				
Intuit Public Sector Solutions	$ —	$ —	$ —	$ (786)
Intuit Information Technology Solutions	—	3,927	9,100	15,049
Total income from discontinued operations before income taxes	$ —	$ 3,927	$ 9,100	$ 14,263

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 five 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 and our chief financial officer.

QuickBooks-Related product revenue is derived primarily from QuickBooks desktop software products; QuickBooks Payroll, a family of products sold on a subscription basis offering payroll tax tables, forms, electronic tax payment and filing, and in some cases QuickBooks software upgrades, to small businesses that prepare their own payrolls; and financial supplies such as paper checks, envelopes and invoices. QuickBooks-Related service revenue is derived primarily from merchant services, QuickBooks Online Edition and QuickBooks support plans. Other revenue for this segment consists primarily of royalties from small business online services.

Intuit-Branded Small Business product revenue is derived primarily from business management software for three selected industries: residential, commercial and corporate property management; wholesale durable goods distribution; and construction. Intuit-Branded Small Business service revenue is derived from technical support, consulting and training services for those software products and from outsourced payroll services. Service revenue for this segment also includes interest earned on funds held for payroll customers.

Consumer Tax product revenue is derived primarily from TurboTax federal and state consumer and business desktop tax return preparation software. Consumer Tax service revenue is derived primarily from TurboTax Online tax return preparation, electronic filing and refund transfer services.

Professional Tax product revenue is derived primarily from Lacerte and ProSeries professional tax preparation software products. Professional Tax service revenue is derived primarily from electronic filing, bank product transmission and training services. Other Businesses consist primarily of Quicken and Canada. Quicken product revenue is derived primarily from Quicken desktop software products. Quicken other revenue consists primarily of fees from consumer online transactions and from Quicken-branded credit card and bill payment offerings that we provide through our partners. 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 payroll services and software maintenance contracts sold with QuickBooks.

Our QuickBooks-Related, Consumer Tax and Professional Tax segments operate primarily in the United States. All of our 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.

We include costs such as corporate general and administrative expenses and share-based compensation expenses that are not allocated to specific segments in a category we call Corporate. The Corporate category also includes amortization of purchased intangible assets, acquisition-related charges, impairment of goodwill and purchased intangible assets, interest and other income, and realized net gains or losses on marketable equity securities and other investments.

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 total assets by reportable segment.

The following tables show our financial results by reportable segment for the three and nine months ended April 30, 2006 and 2005.

(In thousands)	QuickBooks Related	Intuit-Branded Small Business	Consumer Tax	Professional Tax	Other Businesses	Corporate	Consolidated
Three months ended April 30, 2006							
Product revenue	$157,447	$ 8,547	$121,439	$ 83,063	$49,705	$ —	$ 420,201
Service revenue	50,899	54,558	377,724	21,657	7,857	—	512,695
Other revenue	3,268	47	95	—	16,297	—	19,707
Total net revenue	211,614	63,152	499,258	104,720	73,859	—	952,603
Segment operating income	81,250	10,289	406,099	75,038	35,927	—	608,603
Common expenses	—	—	—	—	—	(122,929)	(122,929)
Subtotal	81,250	10,289	406,099	75,038	35,927	(122,929)	485,674
Amortization of purchased intangible assets	—	—	—	—	—	(2,289)	(2,289)
Acquisition-related charges	—	—	—	—	—	(3,278)	(3,278)
Interest and other income	—	—	—	—	—	8,691	8,691
Realized net gain on marketable equity securities	—	—	—	—	—	79	79
Income (loss) from continuing operations before income taxes	$ 81,250	$10,289	$406,099	$ 75,038	$35,927	$(119,726)	$ 488,877

(In thousands)	QuickBooks Related	Intuit-Branded Small Business	Consumer Tax	Professional Tax	Other Businesses	Corporate	Consolidated
Three months ended April 30, 2005							
Product revenue	$155,095	$ 8,676	$135,731	$ 73,346	$41,882	$ —	$ 414,730
Service revenue	39,489	47,685	283,214	26,438	5,526	—	402,352
Other revenue	2,062	24	30	2	15,664	—	17,782
Total net revenue	196,646	56,385	418,975	99,786	63,072	—	834,864
Segment operating income	82,933	2,169	352,452	71,337	30,412	—	539,303
Common expenses	—	—	—	—	—	(110,581)	(110,581)
Subtotal	82,933	2,169	352,452	71,337	30,412	(110,581)	428,722
Amortization of purchased intangible assets	—	—	—	—	—	(2,542)	(2,542)
Acquisition-related charges	—	—	—	—	—	(3,966)	(3,966)
Interest and other income	—	—	—	—	—	5,727	5,727
Realized net gain on marketable equity securities	—	—	—	—	—	124	124
Income (loss) from continuing operations before income taxes	$ 82,933	$ 2,169	$352,452	$ 71,337	$30,412	$(111,238)	$ 428,065

(In thousands)	QuickBooks Related	Intuit-Branded Small Business	Consumer Tax	Professional Tax	Other Businesses	Corporate	Consolidated
Nine months ended April 30, 2006							
Product revenue	$500,669	$ 24,868	$263,252	$238,157	$132,788	$ —	$1,159,734
Service revenue	138,544	165,955	433,954	25,982	19,797	—	784,232
Other revenue	9,444	123	265	1	45,579	—	55,412
Total net revenue	648,657	190,946	697,471	264,140	198,164	—	1,999,378
Segment operating income	238,655	20,366	488,908	158,156	86,981	—	993,066
Common expenses	—	—	—	—	—	(358,017)	(358,017)
Subtotal	238,655	20,366	488,908	158,156	86,981	(358,017)	635,049
Amortization of purchased intangible assets	—	—	—	—	—	(8,001)	(8,001)
Acquisition-related charges	—	—	—	—	—	(10,590)	(10,590)
Interest and other income	—	—	—	—	—	20,317	20,317
Realized net gain on marketable equity securities	—	—	—	—	—	7,373	7,373
Income (loss) from continuing operations before income taxes	$238,655	$ 20,366	$488,908	$158,156	$ 86,981	$(348,918)	$ 644,148

(In thousands)	QuickBooks Related	Intuit-Branded Small Business	Consumer Tax	Professional Tax	Other Businesses	Corporate	Consolidated
Nine months ended April 30, 2005							
Product revenue	$450,246	$ 27,139	$239,136	$226,853	$122,557	$ —	$1,065,931
Service revenue	107,087	143,288	325,703	30,977	14,864	—	621,919
Other revenue	7,264	87	268	18	40,397	—	48,034
Total net revenue	564,597	170,514	565,107	257,848	177,818	—	1,735,884
Segment operating income	240,701	9,897	397,037	155,937	76,569	—	880,141
Common expenses	—	—	—	—	—	(301,605)	(301,605)
Subtotal	240,701	9,897	397,037	155,937	76,569	(301,605)	578,536
Amortization of purchased intangible assets	—	—	—	—	—	(7,709)	(7,709)
Acquisition-related charges	—	—	—	—	—	(12,576)	(12,576)
Interest and other income	—	—	—	—	—	12,564	12,564
Realized net gain on marketable equity securities	—	—	—	—	—	342	342
Income (loss) from continuing operations before income taxes	$240,701	$ 9,897	$397,037	$155,937	$ 76,569	$(308,984)	$ 571,157

7. Other Current Liabilities

Other current liabilities were as follows at the dates indicated:

(In thousands)	April 30, 2006	July 31, 2005
Reserve for product returns	$ 65,112	$ 30,454
Reserve for rebates	28,076	18,482
Executive deferred compensation plan	27,977	19,857
Other	46,787	34,338
Total other current liabilities	$167,952	$103,131

8. Long-Term Obligations and Commitments

Long-Term Obligations

Long-term obligations were as follows at the dates indicated:

(In thousands)	April 30, 2006	July 31, 2005
Capital lease obligations: monthly installments through 2008; interest rates of 2.66% to 4.50%	$ 1,652	$ 3,718
Deferred rent	16,961	17,311
Other	1,858	2,233
Total long-term obligations	20,471	23,262
Less current portion (included in other current liabilities)	(4,762)	(5,954)
Long-term obligations due after one year	$15,709	$17,308

Operating Leases

We lease office facilities and equipment under various operating lease agreements. In the third quarter of fiscal 2005 we entered into an agreement under which we will lease approximately 365,000 square feet of office space in three buildings to be constructed by the landlord in San Diego, California, with an option to lease office space in a fourth building at the same location. In the third quarter of fiscal 2006 we entered into an amended agreement under which we exercised our option to lease approximately 101,000 square feet of office space in the fourth building. The lease term on the fourth building will begin on November 2, 2007 and end on August 31, 2017. We estimate that our total minimum commitment for the lease on the fourth building is approximately $34 million.

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. The following table reconciles our effective income tax rate to the statutory federal income tax rate for the periods indicated.

	Three Months Ended		Nine Months Ended	
	April 30, 2006	April 30, 2005	April 30, 2006	April 30, 2005
Statutory federal income tax rate	35.0%	35.0%	35.0%	35.0%
State income tax, net of federal benefit	3.9%	2.2%	3.9%	2.2%
Federal research and experimental credits	(0.5%)	(1.2%)	(0.5%)	(1.2%)
Tax exempt interest	(1.9%)	(0.9%)	(1.9%)	(0.9%)
Manufacturer tax deduction	(0.5%)	—	(0.5%)	—
Adjustment of tax reserves	0.5%	(4.2%)	0.4%	(3.3%)
Other, net	2.4%	(0.5%)	2.1%	(1.4%)
Effective income tax rate	38.9%	30.4%	38.5%	30.4%

Beginning in fiscal 2006 we qualify for the annual domestic manufacturer tax deduction under the American Jobs Creation Act of 2004. The federal research and experimental credit will not apply to expenses incurred after December 31, 2005. Although the credit may be extended, in accordance with SFAS 109 when estimating our effective tax rate for fiscal 2006 we have not assumed tax benefits for any federal research and experimental credit after this expiration date.

10. Stockholders' Equity

Stock Repurchase Programs

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During the three months ended April 30, 2006 and 2005 we repurchased 5.5 million and 4.9 million shares of our common stock for $285.0 million and $215.8 million under these programs. During the nine months ended April 30, 2006 and 2005 we repurchased 15.4 million and 11.5 million shares of our common stock for $780.0 million and $500.0 million under these programs. At April 30, 2006, authorized funds of $10.8 million remained available for stock repurchases. In May 2006 we announced a new stock repurchase program under which we are authorized to repurchase up to $500.0 million of our common stock from time to time over a three-year period ending on May 14, 2009.

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

Share-Based Compensation Plans

Description of Share-Based Compensation Plans

Under our 2005 Equity Incentive Plan, we are permitted to grant incentive and non-qualified stock options, restricted stock awards, restricted stock units and stock bonus awards to our employees, non-employee directors and consultants. There are a total of 13,000,000 shares authorized under the 2005 Plan. Up to 50% of equity awards granted each year can be at less than full fair market value. All options granted under the 2005 Plan through April 30, 2006 have exercise prices equal to the fair market value of our stock on the date of grant. Options granted under the 2005 Plan typically vest over three years based on continued service and have a seven-year term. Outstanding awards that were originally granted under several predecessor plans also remain in effect in accordance with their terms. In addition, we maintain an Employee Stock Purchase Plan. The 2005 Plan, its predecessor plans and our Employee Stock Purchase Plan are described more fully in our fiscal 2005 Annual Report on Form 10-K.

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Impact of the Adoption of SFAS 123(R)

See Note 1 for a description of our adoption of SFAS 123(R), *"Share-Based Payment,"* on August 1, 2005. The following table summarizes the share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded for continuing operations in accordance with SFAS 123(R) for the three and nine months ended April 30, 2006. The impact of our adoption of SFAS 123(R) on discontinued operations was nominal for those periods.

(In thousands)	Three Months Ended April 30, 2006	Nine Months Ended April 30, 2006
Cost of product revenue	$ 211	$ 744
Cost of service revenue	456	1,589
Selling and marketing	5,572	17,129
Research and development	4,609	14,903
General and administrative	4,996	16,999
Reduction of operating income from continuing operations and income from continuing operations before income taxes	15,844	51,364
Income tax benefit	(5,528)	(18,698)
Reduction of net income from continuing operations	$10,316	$ 32,666
Reduction of net income per share from continuing operations:		
Basic	$ 0.06	$ 0.19
Diluted	$ 0.06	$ 0.18

Prior to the adoption of SFAS 123(R), we presented deferred compensation as a separate component of stockholders' equity. In accordance with the provisions of SFAS 123(R), on August 1, 2005 we reclassified the balance in deferred compensation to additional paid-in capital on our balance sheet.

Prior to the adoption of SFAS 123(R), we presented all tax benefits for deductions resulting from the exercise of stock options and the purchase of shares under our ESPP plan as operating cash flows on our statement of cash flows. SFAS 123(R) requires the cash flows resulting from the tax benefits for tax deductions in excess of the compensation expense recorded for those options and ESPP shares (excess tax benefits) to be classified as financing cash flows. Accordingly, we classified the $9.6 million and $22.9 million in excess tax benefits as financing cash inflows rather than as operating cash inflows on our statements of cash flows for the three and nine months ended April 30, 2006.

Determining Fair Value

Valuation and Amortization Method. We estimate the fair value of stock options granted using the Black-Scholes option valuation model and a multiple option award approach. For options granted before August 1, 2005, we amortize the fair value on an accelerated basis. This is the same basis on which we amortized options granted before August 1, 2005 for our pro forma disclosures under SFAS 123. For options granted on or after August 1, 2005, we amortize the fair value on a straight-line basis. All options are amortized over the requisite service periods of the awards, which are generally the vesting periods.

Expected Term. The expected term of options granted represents the period of time that they are expected to be outstanding. We estimate the expected term of options granted based on historical exercise patterns, which we believe are representative of future behavior. We have examined our historical pattern of option exercises in an effort to determine if there were any discernable patterns of activity based on certain demographic characteristics. Demographic characteristics tested included age, salary level, job level and geographic location. We have determined that there were no meaningful differences in option exercise activity based on the demographic characteristics tested.

Expected Volatility. We estimate the volatility of our common stock at the date of grant based on the implied volatility of one-year and two-year publicly traded options on our common stock, consistent with SFAS 123(R) and SAB 107. Our decision to use implied volatility was based upon the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility.

Risk-Free Interest Rate. We base the risk-free interest rate that we use in the Black-Scholes option valuation model on the implied yield in effect at the time of option grant on U.S. Treasury zero-coupon issues with equivalent remaining terms.

Dividends. We have never paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model.

Forfeitures. SFAS 123(R) requires us to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. For purposes of calculating pro forma information under SFAS 123 for periods prior to fiscal 2006, we accounted for forfeitures as they occurred.

We used the following assumptions to estimate the fair value of options granted and shares purchased under our Employee Stock Purchase Plan for the three and nine months ended April 30, 2006 and 2005:

	Three Months Ended		Nine Months Ended	
	April 30, 2006	April 30, 2005	April 30, 2006	April 30, 2005
Stock options:				
Average expected term (years)	2.44	3.05	2.42	3.03
Expected volatility (range)	23.68% - 25.51%	39%	22.07% - 25.51%	39% - 42%
Weighted average expected volatility	23.87%	39%	23.48%	41%
Risk-free interest rate (range)	4.55% - 4.86%	3.30% - 3.72%	3.70% - 4.86%	2.09% - 3.72%
Expected dividend yield	0%	0%	0%	0%
Employee Stock Purchase Plan:				
Average expected term (years)	0.25	1.00	0.27	1.00
Expected volatility (range)	24.45%	27%	22.44% - 24.45%	27% - 29%
Weighted average expected volatility	24.45%	27%	23.58%	28%
Risk-free interest rate (range)	4.41%	3.32%	3.14% - 4.41%	1.79% - 3.32%
Expected dividend yield	0%	0%	0%	0%

Stock Option Activity and Share-Based Compensation Expense

A summary of stock option activity under all share-based compensation plans during the nine months ended April 30, 2006 is as follows:

Options	Shares	Weighted Average Exercise Price
Outstanding at July 31, 2005	32,308,280	$ 39.18
Granted	2,081,550	48.18
Exercised	(6,249,588)	32.24
Cancelled / forfeited / expired	(1,117,589)	45.63
Outstanding at April 30, 2006	27,022,653	$ 41.22

The weighted average fair value of options granted during the nine months ended April 30, 2006 was $9.15.

Options outstanding and exercisable at April 30, 2006 were as follows:

	Options Outstanding				Options Exercisable			
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (in thousands)	Number Exercisable	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (in thousands)
$ 0.18 - $26.31	2,618,889	1.95	$ 14.24	$ 104,575,061	2,618,889	1.95	$ 14.24	$ 104,575,061
$26.75 - $35.00	3,177,156	4.18	31.46	72,141,889	3,177,156	4.18	31.46	72,141,889
$35.31 - $39.45	5,106,970	5.21	37.38	85,722,038	3,669,467	5.18	37.35	61,726,597
$39.50 - $43.98	4,766,198	4.83	42.52	55,511,836	3,496,000	4.47	42.36	41,273,218
$44.03 - $49.90	7,428,775	5.52	47.23	51,562,164	2,512,763	4.15	46.46	19,381,897
$49.92 - $54.24	1,799,765	5.48	52.60	2,832,718	964,353	4.44	52.86	1,273,560
$55.40 - $64.81	827,920	4.16	59.99	—	821,252	4.14	60.03	—
$67.50 - $72.31	1,296,980	4.02	67.62	—	1,296,980	4.02	67.62	—
$ 0.18 - $72.31	27,022,653	4.72	$ 41.22	$ 372,345,706	18,556,860	4.11	$ 39.18	$ 300,372,222

We define in-the-money options at April 30, 2006 as options that had exercise prices that were lower than the $54.17 market price of our common stock at that date. The aggregate intrinsic value of options outstanding at April 30, 2006 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock for the 24.8 million shares that were in-the-money at that date. There were 16.4 million in-the-money options exercisable at April 30, 2006. The total intrinsic value of options exercised during the nine months ended April 30, 2006 was $125.8 million, determined as of the date of exercise.

At April 30, 2006, we had 275,242 non-vested restricted stock awards that had a weighted average grant date fair value of $45.59. At July 31, 2005, we had 359,920 non-vested restricted stock awards that had a weighted average grant date fair value of $45.20.

We recorded $15.8 million and $51.4 million in share-based compensation expense for stock options and our Employee Stock Purchase Plan and $1.3 million and $4.0 million in share-based compensation expense for restricted stock awards in continuing operations for the three and nine months ended April 30, 2006. The total tax benefits related to this share-based compensation were $6.0 million and $20.0 million for the same periods. At April 30, 2006, there was $69.2 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we will amortize to expense in the future. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.0 years.

We received $64.3 million and $201.5 million in cash from option exercises under all share-based payment arrangements for the three and nine months ended April 30, 2006. The actual tax benefits that we realized related to tax deductions for non-qualified option exercises and disqualifying dispositions under all share-based payment arrangements and totaled $18.5 million and $49.6 million for those periods.

Due to our ongoing program of repurchasing our common stock on the open market, at April 30, 2006 we had 43.8 million treasury shares. We satisfy option exercises from this pool of treasury shares.

Comparable Disclosures

As discussed in Note 1, we accounted for share-based employee compensation under SFAS 123(R)'s fair value method during the three and nine months ended April 30, 2006. Prior to August 1, 2005 we accounted for share-based employee compensation under the provisions of APB 25. Accordingly, we recorded no share-based compensation expense for stock options or our Employee Stock Purchase Plan for the three and nine months ended April 30, 2005. The following table illustrates the effect on our net income and net income per share for the three and nine months ended April 30, 2005 if we had applied the fair value recognition provisions of SFAS 123 to share-based compensation using the Black-Scholes valuation model.

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	April 30, 2006	April 30, 2005	April 30, 2006	April 30, 2005
Net income				
Net income, as reported in prior year (1)		$ 300,507		$ 401,623
Add: Share-based employee compensation expense included in reported net income, net of income taxes		—		81
Deduct: Total share-based employee compensation expense determined under fair value method for all awards, net of income taxes (2)		(9,876)		(36,794)
Net income, including share-based employee compensation (3)	$ 298,648	$ 290,631	$ 435,817	$ 364,910
Net income per share				
Basic — as reported in prior year (1)		$ 1.64		$ 2.16
Basic — including share-based employee compensation (3)	$ 1.74	$ 1.58	$ 2.49	$ 1.96
Diluted — as reported in prior year (1)		$ 1.61		$ 2.12
Diluted — including share-based employee compensation (3)	$ 1.68	$ 1.56	$ 2.41	$ 1.92

(1) Net income and net income per share as reported for periods prior to fiscal 2006 did not include share-based compensation expense for stock options and our Employee Stock Purchase Plan because we did not adopt the recognition provisions of SFAS 123.

(2) Share-based compensation expense for periods prior to fiscal 2006 is calculated based on the pro forma application of SFAS 123.

(3) Net income and net income per share including share-based employee compensation for periods prior to fiscal 2006 are based on the pro forma application of SFAS 123.

Distribution and Dilutive Effect of Options

The following table shows certain information about option grants to Named Executives and all option grants for the periods indicated. Named Executives are defined as our chief executive officer and each of the four other most highly compensated executive officers during the fiscal periods presented.

	Nine Months Ended	Twelve Months Ended	
	April 30, 2006	July 31, 2005	July 31, 2004
Net option grants during the period as a percentage of outstanding shares	1.0%	2.8%	2.9%
Grants to Named Executives during the period as a percentage of total options granted	0.0%	6.2%	7.1%
Grants to Named Executives during the period as a percentage of outstanding shares	0.0%	0.2%	0.3%
Options held by Named Executives as a percentage of total options outstanding	14.3%	13.0%	12.7%

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 total options granted may vary significantly from quarter to quarter, due in part to the timing of annual performance-based grants to Named Executives.

11. Litigation

Muriel Siebert & Co., Inc. v. Intuit Inc., Index No. 03-602942, Supreme Court of the State of New York, County of New York.

On September 17, 2003 Muriel Siebert & Co., Inc. filed a complaint against Intuit alleging 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 damages of up to $11.1 million, punitive damages of up to $33.0 million, and other damages. Intuit unsuccessfully sought to compel the matter to arbitration. On February 7, 2005 Intuit filed a motion to dismiss all but one of the plaintiff's claims in New York state court. On September 6, 2005 the court dismissed Siebert's fraud and punitive damages claims. The case is now stayed pending appellate review by the Appellate Division of the New York Supreme Court of certain procedural issues in the case. Intuit believes this lawsuit is without merit and will vigorously defend the litigation.

Other Litigation Matters

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 Party Transactions

Loans to Executive Officers and Other Employees

Prior to July 30, 2002, loans to executive officers were generally made in connection with their relocation and purchase of a residence near their new place of work. Consistent with the requirements of the Sarbanes-Oxley legislation enacted on July 30, 2002, we have not made or modified any loans to executive officers since that date and we do not intend to make or modify any loans to executive officers in the future. At April 30, 2006, no loans were in default and all interest payments were current in accordance with the terms of the loan agreements.

At April 30, 2006 and July 31, 2005, loans to executive officers in the principal amount of $5.7 million and $6.0 million were outstanding and loans to other employees in the principal amount of $3.2 million were outstanding. These amounts were classified as long-term assets on our balance sheets in accordance with the terms of the loan agreements.

13. Subsequent Events

Sale of Master Builder Business

In May 2006 we announced and completed the sale of the assets of our Master Builder construction management software and solutions business to Sage Software, Inc., a subsidiary of The Sage Group plc. The Master Builder business was part of Intuit Construction Business Solutions in our Intuit-Branded Small Business segment. The Master Builder business had quarterly revenue of approximately $5 million and we expect the sale of this business to have an immaterial impact on fiscal 2006 income from continuing operations before income taxes. We also expect to record income tax expense of approximately $10 million as a result of this sale. In accordance with the provisions of SFAS 144, *"Accounting for the Impairment or Disposal of Long-lived Assets,"* we will not account for this transaction as a discontinued operation.

Stock Split

On May 17, 2006 we announced that our Board of Directors has authorized a two-for-one stock split in the form of a stock dividend payable on July 6, 2006 to stockholders of record on June 21, 2006. We have not restated share and per share amounts contained in these financial statements and related footnotes to reflect this stock split. We will restate share and per share amounts contained in our financial statements and related footnotes to reflect this stock split beginning in the fourth quarter of fiscal 2006.

Had this stock split occurred during the three months ended April 30, 2006, basic net income per share for the three and nine months ended April 30, 2006 would have been $0.87 and $1.25 and restated basic net income per share for the three and nine months ended April 30, 2005 would have been $0.82 and $1.08. Diluted net income per share for the three and nine months ended April 30, 2006 would have been $0.84 and $1.20 and restated diluted net income per share for the three and nine months ended April 30, 2005 would have been $0.80 and $1.06.

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

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

- Executive Overview that discusses at a high level our operating results and some of the trends that affect our business.
- Critical Accounting Policies that we believe are important to understanding the assumptions and judgments underlying our financial statements.
- Results of Operations that begins with a Financial Overview followed by a more detailed discussion of our revenue and expenses.
- Liquidity and Capital Resources which discusses key aspects of our statements of cash flows, changes in our balance sheets and our financial commitments.
- A section entitled Risks That Could Affect Future Results*,* which details important factors that may significantly impact our future financial performance.

You should note that this MD&A discussion contains forward-looking statements that involve risks and uncertainties. Please see the section entitled Caution Regarding Forward-Looking Statements at the end of this Item 2 for important information to consider when evaluating such statements.

You should read this MD&A in conjunction with the financial statements and related notes in Item 1 and our Annual Report on Form 10-K for the fiscal year ended July 31, 2005. As discussed below, we sold our Intuit Information Technology Solutions (ITS) business in December 2005 and our Intuit Public Sector Solutions (IPSS) business in December 2004. We accounted for these businesses as discontinued operations and have accordingly reclassified our financial statements for all periods prior to the sales to reflect them as discontinued operations. Unless noted otherwise, the following discussion pertains only to our continuing operations.

Executive Overview

The following overview discusses at a high level our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results for the first nine months of fiscal 2006 as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Quarterly Report on Form 10-Q.

About Intuit

Intuit is a leading provider of business and financial management solutions for small business, consumer and professional tax, and accountants. We organize our business into the following five segments:

- QuickBooks-Related. This segment includes our QuickBooks accounting and business management software for small businesses as well as products and services that can be added on to QuickBooks. These include financial supplies, QuickBooks Payroll, merchant services and technical support.
- Intuit-Branded Small Business. This segment includes products and services other than QuickBooks that are designed primarily for small and medium-sized businesses and includes Outsourced Payroll and solutions designed to meet the needs of businesses in selected industries.
- Consumer Tax. This segment includes our TurboTax consumer and business tax return preparation products and services.
- Professional Tax. This segment includes our Lacerte and ProSeries professional tax products and services.
- Other Businesses. This segment includes our Quicken personal finance products and services and our business in Canada.

Overview of Financial Results

Total net revenue for the first nine months of fiscal 2006 was $2.0 billion, up 15% compared with the first nine months of fiscal 2005. Substantially all of the fiscal 2006 revenue increase was due to growth in our Consumer Tax and QuickBooks-Related segments. Higher Consumer Tax revenue was driven by a 58% increase in federal TurboTax Online units sold. We believe that the continuing trend among individual taxpayers toward the use of both

Web and desktop software to prepare their own income tax returns will continue to be important to the growth of our Consumer Tax business.

We recorded operating income from continuing operations of $616.5 million in the first nine months of fiscal 2006 compared with $558.3 million in the first nine months of fiscal 2005. Operating income from continuing operations for the first nine months of fiscal 2006 included $51.4 million in pre-tax share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded as a result of our adoption of SFAS 123(R) on August 1, 2005. The revenue growth that we experienced in the first nine months of fiscal 2006 was partially offset by these share-based compensation expenses and by higher spending for new product development, marketing and customer support.

Our net income from continuing operations of $396.3 million for the first nine months of fiscal 2006 was flat compared with $397.6 million for the first nine months of fiscal 2005. Our net income from continuing operations for the first nine months of fiscal 2005 would have been approximately $80 million lower if it had included pro forma share-based compensation expense and excluded certain discrete tax benefits. Diluted net income per share from continuing operations of $2.19 for the first nine months of fiscal 2006 increased 4% compared with $2.10 for the comparable fiscal 2005 period due to the net reduction in average shares outstanding. Average shares outstanding declined as a result of repurchases of common stock under our stock repurchase programs, partially offset by the issuance of shares in connection with the exercise of stock options and purchases under our Employee Stock Purchase Plan.

In December 2005 we sold our Intuit Information Technology Solutions (ITS) business for approximately $200 million in cash. The decision to sell ITS was a result of our desire to focus resources on our core products and services. We recorded total net income from ITS discontinued operations of $39.5 million or $0.22 per diluted share in the first nine months of fiscal 2006, including $34.3 million or $0.19 per share for the net gain on disposal of that business.

We ended the first nine months of fiscal 2006 with cash and investments totaling $1.3 billion. In the first nine months of fiscal 2006 we generated cash from continuing operations, from the sale of our ITS business and from the issuance of common stock under employee stock plans. In this period we used $780.0 million in cash for repurchases of common stock under our stock repurchase programs. At April 30, 2006, authorized funds of $10.8 million remained available for stock repurchases. In May 2006 we announced a new stock repurchase program under which we are authorized to repurchase up to $500.0 million of our common stock from time to time over a three-year period ending on May 14, 2009. Included in income taxes payable at April 30, 2006 is approximately $200 million in income taxes that we expect to pay during the fourth quarter of fiscal 2006.

In May 2006 we announced and completed the sale of the assets of our Master Builder construction management software and solutions business. The Master Builder business had quarterly revenue of approximately $5 million and we expect the sale of this business to have an immaterial impact on fiscal 2006 income before income taxes. We also expect to record income tax expense of approximately $10 million as a result of this sale. In accordance with the provisions of SFAS 144, *"Accounting for the Impairment or Disposal of Long-lived Assets,"* we will not account for this transaction as a discontinued operation.

On May 17, 2006 we announced that our Board of Directors has authorized a two-for-one stock split in the form of a stock dividend payable on July 6, 2006 to stockholders of record on June 21, 2006. We have not restated share and per share amounts contained in this Quarterly Report on Form 10-Q to reflect this stock split. We will restate share and per share amounts contained in our financial statements and related footnotes to reflect this stock split beginning in the fourth quarter of fiscal 2006.

Seasonality

Our QuickBooks, Consumer Tax and Professional Tax businesses are highly seasonal. Some of our other offerings are also seasonal, but to a lesser extent. Revenue from many of our small business software products, including QuickBooks, tends to be concentrated around calendar year end. Sales of income tax preparation products and services are heavily concentrated in the period from November through April. As a result, our total net revenue is usually highest during our second quarter ending January 31 and third quarter ending April 30. We typically report losses in our first quarter ending October 31 and fourth quarter ending July 31, when revenue from our tax businesses is minimal while operating expenses continue at relatively consistent levels.

Strategy and Opportunities

Strategy. Our strategy is to be in growth businesses, high profit businesses and attractive new markets with large unmet or underserved needs which we can solve well. Our core competency is customer-driven innovation that solves customer problems simply. We apply this approach to existing solutions by focusing on continuous improvement to delight customers during their entire experience with Intuit products and services. Our approach to new opportunities is to develop products and services designed to attract customers who do not use software products (non-consumption) and offer solutions that have better value compared with higher priced alternatives (disruption). This strategy allows us to build large user bases with durable advantages.

Opportunities in Our Core Markets. While we have strong positions in our core markets for QuickBooks and TurboTax software, we believe that there are more opportunities in the markets for small businesses and individual consumers. Many small businesses and individuals are using other methods, such as manual tools and processes or general-purpose software. We continue to explore ways to meet the needs of consumers that we have never reached before. For example, in fiscal 2005 we introduced QuickBooks Simple Start with accounting functionality for very small businesses.

Importance of Developing and Introducing New Products and Services. To remain competitive and grow in the future, we must continue to invest in initiatives aimed at uncovering and meeting new customer needs while enhancing our existing offerings to make them even better.

Importance of Technology Infrastructure. Our Internet-based products and services include QuickBooks Online Edition, QuickBooks Assisted Payroll Service, Complete web-based Payroll, TurboTax Online and consumer and professional electronic tax filing services. As our businesses continue to move toward delivering more web-based products and services, our technology infrastructure will become even more critical in the future.

Competition. We have formidable competitors, and we expect competition to remain intense during fiscal 2006 and beyond. For example, in September 2005 Microsoft Corporation launched accounting software and associated services that directly target small business customers. Microsoft has indicated that part of its growth strategy is to focus on the small business market.

In our Consumer Tax business, we also face the risk of federal and state taxing authorities developing or contracting to provide software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers. Intuit is a member of the Free File Alliance, a consortium of private sector companies that have been providing web-based federal tax preparation and filing services to eligible taxpayers at no charge through voluntary public service initiatives.

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 reviewed the development and selection of these critical accounting policies and their disclosure in this Quarterly Report on Form 10-Q with the Audit Committee of our Board of Directors.

Net Revenue – Revenue Recognition

We derive revenue from the sale of packaged software products, license fees, product support, professional services, outsourced payroll services, merchant services, transaction fees and multiple element arrangements that may include any combination of these items. We follow the appropriate revenue recognition rules for each type of revenue. For additional information, see *"Net Revenue"* in Note 1 to the financial statements. 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 for fees collected or invoiced and due relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized when the applicable revenue recognition criteria are satisfied.

Net Revenue – Return and Rebate Reserves

As part of our revenue recognition policy, we estimate future product returns and rebate payments and establish reserves against revenue at the time of sale based on these estimates. Our return policy allows distributors and retailers, subject to contractual limitations, to return purchased products. Product returns by distributors and retailers relate primarily to the return of obsolete products. In determining our 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 not differed significantly from 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. For example, if we had increased our fiscal 2005 returns reserves by 1% of non-consignment sales to retailers for QuickBooks, TurboTax and Quicken, our fiscal 2005 total net revenue would have been $3.6 million lower.

Allowance for Doubtful Accounts

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

Goodwill, Purchased Intangible Assets and Other Long-Lived Assets – Impairment Assessments

We make judgments about the recoverability of purchased intangible assets and other long-lived assets whenever events or changes in circumstances indicate that an other-than-temporary impairment in the remaining value of the assets recorded on our balance sheet may exist. We test the impairment of goodwill annually 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 that we have identified 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 carried 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 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, 2006, we had $530.1 million in goodwill and $62.1 million in net purchased intangible assets on our balance sheet.

Accounting for Share-Based Compensation

Prior to August 1, 2005, we accounted for our share-based employee compensation plans under the measurement and recognition provisions of Accounting Principles Board (APB) Opinion No. 25, *"Accounting for Stock Issued to Employees,"* and related Interpretations, as permitted by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 123, *"Accounting for Stock-Based Compensation."* We recorded no share-based employee compensation expense for options granted under our 2005 Equity Incentive Plan or its predecessor plans prior to August 1, 2005 as all options granted under those plans had exercise prices equal to the fair market value of our common stock on the date of grant. We also recorded no compensation expense in connection with our Employee Stock Purchase Plan as the purchase price of the stock was not less than 85% of the lower of the fair market value of our common stock at the beginning of each offering period or at the end of each purchase period. In accordance with SFAS 123 and SFAS 148, *"Accounting for Stock-Based Compensation – Transition and Disclosure,"* we disclosed our net income or loss and net income or loss per share as if we had applied the fair value-based method in measuring compensation expense for our share-based incentive programs.

Effective August 1, 2005, we adopted the fair value recognition provisions of SFAS 123(R), *"Share-Based Payment,"* using the modified prospective transition method. Under that transition method, compensation expense that we recognize beginning on that date includes: (a) period compensation expense for all share-based payments granted prior to, but not yet vested as of, August 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, adjusted for forfeitures, and (b) period compensation expense for all share-based payments granted on or after August 1, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Because we elected to use the modified prospective transition method, results for prior periods have not been restated. At April 30, 2006, there was $69.2 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we will amortize to expense in the future. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.0 years.

We estimate the fair value of options granted using the Black-Scholes option valuation model and the assumptions shown in Note 10 to the financial statements. We estimate the expected term of options granted based on historical exercise patterns, which we believe are representative of future behavior. We estimate the volatility of our common stock at the date of grant based on the implied volatility of publicly traded one-year and two-year options on our common stock, consistent with SFAS 123(R) and Securities and Exchange Commission Staff Accounting Bulletin No. 107. Our decision to use implied volatility was based upon the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility. We base the risk-free interest rate that we use in the Black-Scholes option valuation model on the implied yield in effect at the time of option grant on U.S. Treasury zero-coupon issues with equivalent remaining terms. We have never paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model. SFAS 123(R) requires us to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. For options granted before August 1, 2005, we amortize the fair value on an accelerated basis. This is the same basis on which we amortized options granted before August 1, 2005 for our pro forma disclosures under SFAS 123. For options granted on or after August 1, 2005, we amortize the fair value on a straight-line basis. All options are amortized over the requisite service periods of the awards, which are generally the vesting periods. We may elect to use different assumptions under the Black-Scholes option valuation model in the future, which could materially affect our net income or loss and net income or loss per share.

Legal Contingencies

We are subject to certain legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. We review the status of each significant matter quarterly and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we record a liability and an expense for the estimated loss. Significant judgment is required in both the determination of probability and the determination of whether an exposure is reasonably estimable. Our accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Potential legal liabilities and the revision of estimates of potential legal liabilities could have a material impact on our results of operations and financial position.

Income Taxes – Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance

When we prepare our 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 United States 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 income 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. As a result, 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 and materially affect 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.

Our net deferred tax asset at April 30, 2006 was $209.5 million, net of the valuation allowance of $5.1 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 state capital loss and net operating 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

Financial Overview

(Dollars in millions, except per share amounts)	Q3 FY06	Q3 FY05	Q3 $ Change	Q3 % Change	Impact of Q3 FY06 Option/ESPP Expense Amount	% Change
Total net revenue	$952.6	$834.9	$117.7	14%	$ —	—
Operating income from continuing operations	480.1	422.2	57.9	14%	(15.8)	(4%)
Net income from continuing operations	298.6	298.1	0.5	0%	(10.3)	(3%)
Diluted net income per share from continuing operations	$ 1.68	$ 1.60	$ 0.08	5%	$(0.06)	(4%)
Net cash provided by operating activities of continuing operations	$658.6	$569.9	$ 88.7	16%		

(Dollars in millions, except per share amounts)	YTD Q3 FY06	YTD Q3 FY05	YTD Q3 $ Change	YTD Q3 % Change	Impact of YTD Q3 FY06 Option/ESPP Expense Amount	% Change
Total net revenue	$1,999.4	$1,735.9	$263.5	15%	$ —	—
Operating income from continuing operations	616.5	558.3	58.2	10%	(51.4)	(9%)
Net income from continuing operations	396.3	397.6	(1.3)	0%	(32.7)	(8%)
Diluted net income per share from continuing operations	$ 2.19	$ 2.10	$ 0.09	4%	$(0.18)	(9%)
Net cash provided by operating activities of continuing operations	$ 731.0	$ 691.4	$ 39.6	6%		

Total net revenue increased 14% and 15% in the third quarter and first nine months of fiscal 2006 compared with the same periods of fiscal 2005 due to growth in our Consumer Tax and QuickBooks-Related segments. Consumer Tax revenue was 23% higher in the first nine months of fiscal 2006, driven by a 58% increase in federal TurboTax Online units sold and to a lesser extent by growth in revenue from attach services such as electronic filing. Total QuickBooks-Related revenue increased 15% in the first nine months of fiscal 2006, driven by higher QuickBooks Payroll and merchant services revenue and to a lesser extent by higher QuickBooks software revenue. See "Total Net Revenue" below for more information.

Effective August 1, 2005, we adopted the fair value recognition provisions of SFAS 123(R), *"Share-Based Payment,"* using the modified prospective transition method. Under that transition method, compensation expense that we recognized for the three and nine months ended April 30, 2006 included: (a) period compensation expense for all share-based payments granted prior to, but not yet vested as of, August 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, adjusted for forfeitures, and (b) period compensation expense for all share-based payments granted on or after August 1, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). In the third quarter and first nine months of fiscal 2006 we recorded share-based compensation expense for stock options and our Employee Stock Purchase Plan totaling $15.8 million or $0.06 per diluted share and $51.4 million or $0.18 per diluted share as a result of our adoption of SFAS 123(R). Because we elected to use the modified prospective transition method, results for prior periods have not been restated.

At April 30, 2006, there was $69.2 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we will amortize to expense in the future. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average vesting period of 2.0 years.

Excluding the share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded in accordance with SFAS 123(R), higher revenue in the third quarter and first nine months of fiscal 2006 was partially offset by higher expenses of approximately $40 million for new product development, approximately $30 million for advertising and other marketing programs and approximately $15 million for improved customer support service levels in the nine month period. Our effective tax rates for the third quarter and first nine months of fiscal 2006 were approximately 39% and 38%, compared with approximately 30% for the same periods of fiscal 2005. In the third quarter and first nine months of fiscal 2005 our effective tax rate benefited from the reversal of approximately $17.9 million and $19.0 million in reserves related to potential income tax exposures that were resolved. If we had excluded these and other discrete tax benefits from our fiscal 2005 effective tax rate, our effective tax rate for the first nine months of fiscal 2005 would have been higher and our net income from continuing operations for that period would have been approximately $43 million lower. Our diluted net income per share from continuing operations increased more rapidly than our net income from continuing operations in the first nine months of fiscal 2006 due to the net reduction of average shares outstanding. Average shares outstanding declined as a result of repurchases of 15.4 million shares under our stock repurchase programs, partially offset by the issuance of 6.6 million shares in connection with the exercise of stock options and purchases under our Employee Stock Purchase Plan.

In December 2005 we sold our Intuit Information Technology Solutions (ITS) business for approximately $200 million in cash. The buyer deposited approximately $20 million of the total purchase price in a third-party escrow account to be held through December 2006 to cover breaches of representations and warranties set forth in the purchase agreement, should they arise. The full escrow amount is included in other current assets on our balance sheet at April 30, 2006. We recorded total net income from ITS discontinued operations of $39.5 million or $0.22 per diluted share in the first nine months of fiscal 2006, including $34.3 million or $0.19 per diluted share for the net gain on disposal of that business.

At April 30, 2006, our cash, cash equivalents and investments totaled $1.3 billion, an increase of $287.9 million from July 31, 2005. In the first nine months of fiscal 2006, we generated $731.0 million in cash from continuing operations, approximately $200 million in cash from the sale of our ITS business and $217.5 million in cash from the issuance of common stock under employee stock plans. During the same period, we repurchased 15.4 million shares of our common stock under our repurchase programs at an average price of $50.56 for a total price of $780.0 million. At April 30, 2006, authorized funds of $10.8 million remained available for stock repurchases. In May 2006 we announced a new stock repurchase program under which we are authorized to repurchase up to $500.0 million of our common stock from time to time over a three-year period ending on May 14, 2009. Included in income taxes payable at April 30, 2006 is approximately $200 million in income taxes that we expect to pay during the fourth quarter of fiscal 2006.

Total Net Revenue by Business Segment

The table below and the discussion of net revenue by business segment that follows it are organized in accordance with our five reportable business segments. See Note 6 to the financial statements for descriptions of product, service and other revenue for each segment.

(Dollars in millions)	Q3 FY06	% Total Net Revenue	Q3 FY05	% Total Net Revenue	Q3 % Change	YTD Q3 FY06	% Total Net Revenue	YTD Q3 FY05	% Total Net Revenue	YTD % Change
QuickBooks- Related										
Product	$ 157.4		$ 155.1			$ 500.7		$ 450.2		
Service	50.9		39.5			138.5		107.1		
Other	3.3		2.0			9.4		7.3		
Subtotal	211.6	22%	196.6	23%	8%	648.6	32%	564.6	32%	15%
Intuit-Branded Small Business										
Product	8.6		8.7			24.9		27.2		
Service	54.6		47.7			165.9		143.3		
Other	—		—			0.1		—		
Subtotal	63.2	7%	56.4	7%	12%	190.9	10%	170.5	10%	12%
Consumer Tax										
Product	121.4		135.7			263.2		239.1		
Service	377.7		283.2			434.0		325.7		
Other	0.1		0.1			0.3		0.3		
Subtotal	499.2	52%	419.0	50%	19%	697.5	35%	565.1	33%	23%
Professional Tax										
Product	83.1		73.3			238.2		226.9		
Service	21.6		26.5			26.0		31.0		
Other	—		—			—		—		
Subtotal	104.7	11%	99.8	12%	5%	264.2	13%	257.9	15%	2%
Other Businesses										
Product	49.7		41.9			132.8		122.5		
Service	7.9		5.5			19.8		14.9		
Other	16.3		15.7			45.6		40.4		
Subtotal	73.9	8%	63.1	8%	17%	198.2	10%	177.8	10%	11%
Total Company										
Product	**420.2**		**414.7**			**1,159.8**		**1,065.9**		
Service	**512.7**		**402.4**			**784.2**		**622.0**		
Other	**19.7**		**17.8**			**55.4**		**48.0**		
Total net revenue	**$ 952.6**	**100%**	**$ 834.9**	**100%**	**14%**	**$ 1,999.4**	**100%**	**$ 1,735.9**	**100%**	**15%**

Total Net Revenue by Business Segment

QuickBooks-Related

QuickBooks-Related total net revenue increased $15.0 million or 8% in the third quarter of fiscal 2006 and $84.0 million or 15% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. QuickBooks Payroll and merchant services accounted for the majority of the revenue growth in this segment, with QuickBooks software revenue growth contributing to a lesser extent. QuickBooks Payroll revenue was 20% higher in the third quarter of fiscal 2006 and 26% higher in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005 because of a combination of price increases, favorable product mix and growth in the customer base. Merchant services revenue increased 40% in the third quarter of fiscal 2006 and 48% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005 due to 29% growth in the customer base and 17% higher transaction volume per customer in the first nine months of fiscal 2006. Total QuickBooks software unit sales were up 8% in the third quarter of fiscal 2006 and 18% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. This higher unit volume more than offset lower average selling prices for QuickBooks software due to price reductions in conjunction with the elimination of rebates. We believe that the higher unit volume was a result of product improvements, successful execution of our QuickBooks 2006 product launch and growth in the category that was driven by publicity surrounding a significant new market entrant.

Intuit-Branded Small Business

Intuit-Branded Small Business total net revenue increased $6.8 million or 12% in the third quarter of fiscal 2006 and $20.4 million or 12% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Almost half of the revenue growth in this segment in the first nine months of fiscal 2006 came from our Outsourced Payroll business. Outsourced Payroll revenue increased 10% in the first nine months of fiscal 2006, driven by 13% growth in the number of QuickBooks Assisted Payroll and Complete Payroll customers processing payrolls, price increases and increased interest income on funds held for payroll customers, partially offset by attrition in the Premier Payroll Service customer base.

Consumer Tax

Consumer Tax total net revenue increased $80.2 million or 19% in the third quarter of fiscal 2006 and $132.4 million or 23% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Paid federal TurboTax unit sales were up 20% in the first nine months of fiscal 2006, driven by a 58% increase in federal TurboTax Online units sold which accounted for the majority of the revenue increase for that period. To a lesser extent, higher revenue in that period was due to growth in revenue from attach services such as electronic filing. We believe that our fiscal 2006 Consumer Tax revenue benefited from a continuing trend among individual taxpayers toward the use of both Web and desktop software to prepare their own income tax returns. We also believe that revenue growth was positively affected by changes in our offering and pricing strategies that included eliminating rebates and bundling federal and state consumer tax products. These changes were designed to simplify our offerings in response to customer feedback.

Professional Tax

Professional Tax total net revenue increased $4.9 million or 5% in the third quarter of fiscal 2006 and $6.3 million or 2% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Overall growth in the Professional Tax customer base during the first nine months of fiscal 2006 was partially offset by a shift in product mix toward our new lower priced offerings.

Other Businesses

Other Businesses total net revenue increased $10.8 million or 17% in the third quarter of fiscal 2006 and $20.4 million or 11% in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Revenue from our Quicken Solutions Group was flat in the fiscal 2006 periods. Canadian revenue increased 32% in the third quarter of fiscal 2006 and 24% in the first nine months of fiscal 2006. Canadian revenue was higher in the first nine months of fiscal 2006 due to strong growth in sales of QuickBooks products and to a lesser extent to changes in foreign currency exchange rates.

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Cost of Revenue

(Dollars in millions)	Q3 FY06	% of Related Revenue	Q3 FY05	% of Related Revenue	YTD Q3 FY06	% of Related Revenue	YTD Q3 FY05	% of Related Revenue
Cost of product revenue	$ 43.7	10%	$ 44.9	11%	$ 147.8	13%	$ 138.6	13%
Cost of service revenue	58.2	11%	50.1	12%	168.8	22%	137.3	22%
Cost of other revenue	6.1	31%	6.9	39%	18.1	33%	17.8	37%
Amortization of purchased intangible assets	2.3	n/a	2.5	n/a	8.0	n/a	7.7	n/a
Total cost of revenue	**$ 110.3**	**12%**	**$ 104.4**	**13%**	**$ 342.7**	**17%**	**$ 301.4**	**17%**

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

Total cost of revenue for the third quarter and first nine months of fiscal 2006 included $0.7 million and $2.3 million in share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded as a result of our adoption of SFAS 123(R) on August 1, 2005.

Operating Expenses

					Impact of Q3 FY06 Option/ESPP Expense	
(Dollars in millions)	Q3 FY06	% of Total Net Revenue	Q3 FY05	% of Total Net Revenue	Amount	% of Total Net Revenue
Selling and marketing	$ 187.7	20%	$ 158.0	19%	$ 5.6	1%
Research and development	97.3	10%	78.4	9%	4.6	0%
General and administrative	74.0	8%	67.7	8%	5.0	1%
Acquisition-related charges	3.3	0%	4.0	1%	—	0%
Total operating expenses	**$ 362.3**	**38%**	**$ 308.1**	**37%**	**$ 15.2**	**2%**

					Impact of YTD Q3 FY06 Option/ESPP Expense	
(Dollars in millions)	YTD Q3 FY06	% of Total Net Revenue	YTD Q3 FY05	% of Total Net Revenue	Amount	% of Total Net Revenue
Selling and marketing	$ 532.0	26%	$ 460.0	26%	$ 17.1	1%
Research and development	294.7	15%	229.7	13%	14.9	0%
General and administrative	202.9	10%	173.8	10%	17.0	1%
Acquisition-related charges	10.6	1%	12.6	1%	—	0%
Total operating expenses	**$1,040.2**	**52%**	**$ 876.1**	**50%**	**$ 49.0**	**2%**

Total operating expenses increased $54.2 million and $164.1 million in the third quarter and first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Share-based compensation expense for stock options and our Employee Stock Purchase Plan that we recorded as a result of our adoption of SFAS 123(R) on August 1, 2005 accounted for $15.2 million and $49.0 million of the increases in those periods. In the first nine months of fiscal 2006, total operating expenses also increased by approximately $40 million for new product development, approximately $30 million for additional advertising and other marketing programs and approximately $15 million for improved customer support service levels, particularly in our QuickBooks and Consumer Tax segments. We continue to invest in research and development and expect that our fiscal 2006 research and development expenses as a percentage of total net revenue will continue to be higher than they were in fiscal 2005.

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 and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled $122.9 million and $358.0 million in the third quarter and first nine months of fiscal 2006 and $110.6 million and $301.6 in the same periods of fiscal 2005. Share-based compensation expenses for stock options and our Employee Stock Purchase Plan that we began recording in the first quarter of fiscal 2006 accounted for approximately $15.8 million and $51.4 million of the increases in unallocated costs for the third quarter and first nine months of fiscal 2006. See Note 1 and Note 10 to the financial statements. In addition, segment expenses do not include amortization of purchased intangible assets, acquisition-related charges and impairment of goodwill and purchased intangible assets. Segment expenses also do not include interest and other income and realized net gains or losses on marketable equity securities and other investments. See Note 6 to the financial statements for reconciliations of total segment operating income or loss to income or loss from continuing operations before income taxes for each fiscal period presented.

(Dollars in millions)	Q3 FY06	% of Related Revenue	Q3 FY05	% of Related Revenue	YTD Q3 FY06	% of Related Revenue	YTD Q3 FY05	% of Related Revenue
QuickBooks-Related	$ 81.3	38%	$ 82.9	42%	$ 238.6	37%	$ 240.7	43%
Intuit-Branded Small Business	10.3	16%	2.2	4%	20.4	11%	9.9	6%
Consumer Tax	406.1	81%	352.5	84%	488.9	70%	397.0	70%
Professional Tax	75.0	72%	71.3	71%	158.2	60%	155.9	60%
Other Businesses	35.9	49%	30.4	48%	87.0	44%	76.6	43%
Total segment operating income	**$ 608.6**	**64%**	**$ 539.3**	**65%**	**$ 993.1**	**50%**	**$ 880.1**	**51%**

Segment operating income from our QuickBooks-Related and Consumer Tax segments represented 73% of total segment operating income for the first nine months of fiscal 2006. Professional Tax and Other Businesses segment operating income as a percentage of revenue in that period were consistent with the same period of fiscal 2005.

QuickBooks-Related

QuickBooks-Related segment operating income as a percentage of related revenue decreased in the third quarter and first nine months of fiscal 2006 compared with the same periods of fiscal 2005. Higher QuickBooks revenue resulted from higher unit volume that more than offset lower average selling prices in the fiscal 2006 periods. Higher unit volume resulted in higher cost of revenue and customer support costs compared with fiscal 2005. We also spent more on QuickBooks product development and marketing and to a lesser extent on improvements to technical support service levels in the fiscal 2006 periods compared with the same periods of fiscal 2005.

Consumer Tax

Consumer Tax segment operating income as a percentage of related revenue decreased slightly in the third quarter of fiscal 2006 and was flat in the first nine months of fiscal 2006 compared with the same periods of fiscal 2005.

Higher revenue and lower rebate processing fees were partially offset by higher expenses for television and Web advertising and to a lesser extent for product development and customer support in the fiscal 2006 periods.

Non-Operating Income and Expenses

Interest and Other Income

(In millions)	Three Months Ended April 30, 2006	Three Months Ended April 30, 2005	Nine Months Ended April 30, 2006	Nine Months Ended April 30, 2005
Interest income	$ 8.5	$ 5.1	$ 19.1	$ 10.8
Quicken Loans royalties and fees	0.4	0.6	1.3	1.7
Net foreign exchange gain	0.2	—	0.1	0.4
Other	(0.4)	—	(0.2)	(0.3)
	$ 8.7	$ 5.7	$ 20.3	$ 12.6

Slightly lower average invested balances were more than offset by higher interest rates, resulting in an increase in interest income in the third quarter and first nine months of fiscal 2006 compared with the same periods of fiscal 2005.

Income Taxes

Our effective tax rates for the third quarter and first nine months of fiscal 2006 were approximately 39% and 38% and differed from the federal statutory rate due to state income taxes, which were partially offset by the benefit we received from federal and state research and experimental credits and tax exempt interest income. Our effective tax rates for the third quarter and first nine months of fiscal 2005 were approximately 30% and differed from the federal statutory rate primarily due to state income taxes, offset by the benefit we received from federal and state research and experimental credits and tax exempt interest income. In addition, for the third quarter and first nine months of fiscal 2005 we benefited from the reversal of approximately $17.9 million and $19.0 million in reserves related to potential income tax exposures that were resolved. See Note 9 to the financial statements.

At April 30, 2006 we had net deferred tax assets of $209.5 million, which included a valuation allowance of $5.1 million for certain state capital loss and net operating loss carryforwards. The allowance reflects management's assessment that we may not receive the benefit of these carryforwards in certain state jurisdictions. While we believe our current valuation allowance is sufficient, it may be necessary to increase this amount if it becomes more likely that we will not realize a greater portion of the net deferred tax assets. We assess the need for an adjustment to the valuation allowance on a quarterly basis.

Discontinued Operations

Intuit Information Technology Solutions

In May 2005 our Board of Directors formally approved a plan to sell our Intuit Information Technology Solutions (ITS) business. In December 2005 we sold ITS for approximately $200 million in cash. In accordance with the provisions of SFAS 144, we determined that ITS became a long-lived asset held for sale and a discontinued operation in the fourth quarter of fiscal 2005. Consequently, we have segregated the operating results of ITS from continuing operations on our statement of operations for all periods prior to the sale. See Note 5 to the financial statements.

Intuit Public Sector Solutions

In December 2004 we sold our Intuit Public Sector Solutions (IPSS) business for approximately $11 million in cash and accounted for the sale as a discontinued operation. In accordance with SFAS 144, we have segregated the operating results of IPSS from continuing operations on our statement of operations for all periods prior to the sale. See Note 5 to the financial statements.

Liquidity and Capital Resources

Statement of Cash Flows

At April 30, 2006 our cash, cash equivalents and investments totaled $1.3 billion, an increase of $287.9 million from July 31, 2005. We generated $731.0 million in cash from continuing operations during the first nine months of fiscal 2006. We also generated cash from the sale of our ITS business for approximately $200 million in cash. We used cash for financing activities during the first nine months of fiscal 2006, primarily for the repurchase of $780.0 million in common stock under our stock repurchase programs. See *"Stock Repurchase Programs"* below and Note 10 to the financial statements. This was partially offset by proceeds of $217.5 million that we received from the issuance of common stock in connection with the exercise of stock options and purchases under our Employee Stock Purchase Plan. Included in income taxes payable at April 30, 2006 is approximately $200 million in income taxes that we expect to pay during the fourth quarter of fiscal 2006.

Stock Repurchase Programs

Our Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During the first nine months of fiscal 2006 we repurchased 15.4 million shares of our common stock for $780.0 million under our repurchase programs. At April 30, 2006, authorized funds of $10.8 million remained available for stock repurchases. In May 2006 we announced a new stock repurchase program under which we are authorized to repurchase up to $500.0 million of our common stock from time to time over a three-year period ending on May 14, 2009.

Stock Split

On May 17, 2006 we announced that our Board of Directors has authorized a two-for-one stock split in the form of a stock dividend payable on July 6, 2006 to stockholders of record on June 21, 2006. We have not restated share and per share amounts contained in this Quarterly Report on Form 10-Q to reflect this stock split. We will restate share and per share amounts contained in our financial statements and related footnotes to reflect this stock split beginning in the fourth quarter of fiscal 2006.

Loans to Executive Officers and Other Employees

Outstanding loans to executive officers and other employees totaled $8.9 million at April 30, 2006 and $9.2 million at July 31, 2005. Loans to executive officers are relocation loans that are secured by real property and have original maturity dates of 10 years. At April 30, 2006, no loans were in default 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 to the financial statements.

Other

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, cash equivalents and investments to fund such activities in the future.

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

Contractual Obligations

We lease office facilities and equipment under various operating lease agreements. In the third quarter of fiscal 2005 we entered into an agreement under which we will lease approximately 365,000 square feet of office space in three buildings to be constructed by the landlord in San Diego, California, with an option to lease office space in a fourth building at the same location. In the third quarter of fiscal 2006 we entered into an amended agreement under which we exercised our option to lease approximately 101,000 square feet of office space in the fourth building. The lease term on the fourth building will begin on November 2, 2007 and end on August 31, 2017. We estimate that our total minimum commitment for the lease on the fourth building is approximately $34 million.

Reserves for Returns and Rebates

Activity in our reserves for product returns and for rebates during the first nine months of fiscal 2006 and comparative balances at April 30, 2005 were as follows:

(In thousands)	Balance July 31, 2005	Additions Charged Against Revenue	Returns/ Redemptions	Balance April 30, 2006	Balance April 30, 2005
Reserve for product returns	$30,454	$80,932	$(46,274)	$65,112	$49,641
Reserve for rebates	$18,482	$66,210	$(56,616)	$28,076	$42,011

Due to the seasonality of our business, we compare our returns and rebate reserve balances at April 30, 2006 to the reserve balances at April 30, 2005. The fiscal 2006 increase in our reserve for product returns was due to the timing of Consumer Tax product returns. The fiscal 2006 decrease in our reserve for rebates was due to the elimination of end user rebate programs for many of our products.

Off-Balance Sheet Arrangements

At April 30, 2006, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

Recent Accounting Pronouncements

SFAS 154, *"Accounting Changes and Error Corrections"*

On June 1, 2005 the FASB issued SFAS 154, *"Accounting Changes and Error Corrections,"* which replaces APB 20, *"Accounting Changes,"* and SFAS 3, *"Reporting Accounting Changes in Interim Financial Statements."* SFAS 154 applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. SFAS 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes made in fiscal years beginning after June 1, 2005. We do not expect our adoption of this new standard to have a material impact on our financial position, results of operations or cash flows.

SFAS 155, "Accounting for Certain Hybrid Instruments"

On February 16, 2006 the FASB issued SFAS 155, *"Accounting for Certain Hybrid Instruments,"* which amends SFAS 133, *"Accounting for Derivative Instruments and Hedging Activities,"* and SFAS 140, *"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."* SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. This statement is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. We do not expect our adoption of this new standard to have a material impact on our financial position, results of operations or cash flows.

RISKS THAT COULD AFFECT FUTURE RESULTS

*In evaluating Intuit and our business, you should consider the following factors in addition to the other information in this Quarterly Report on Form 10-*Q *and in our Annual Report on Form 10-K for the fiscal year ended July 31, 2005. Forward-looking statements in this report are subject to risks and uncertainties that could cause our actual results to differ materially from the results expressed or implied in the forward-looking statements. Any of the following risks could seriously harm our business, financial condition, and results of operations.*

We face intense competitive pressures in all of our businesses that may negatively impact our revenue, profitability and market position.

We have formidable competitors, and we expect competition to remain intense during fiscal 2006 and beyond. The number, resources and sophistication of the companies with whom we compete have increased as we continue to expand our product and service offerings. Microsoft Corporation, in particular, presents a significant threat to a number of our businesses due to its market position, strategic focus and superior financial resources. Our competitors may introduce new and improved products and services, bundle new offerings with market-leading products, reduce prices, gain better access to distribution channels, advertise aggressively or beat us to market with new products and services. Any of these competitive actions taken over any prolonged period could diminish our revenue and profitability and could affect our ability to keep existing customers and acquire new customers. Some additional competitive factors that may impact our businesses are discussed below.

QuickBooks-Related. Losing existing or potential QuickBooks customers to competitors causes us to lose potential software revenue and limits our opportunities to sell related products and services such as our financial supplies, QuickBooks Payroll and merchant service offerings. Many competitors provide accounting and business management products and services to small businesses. For example, Microsoft has indicated that part of its growth strategy is to focus on small business offerings. In September 2005 Microsoft launched a number of product and service offerings aimed directly at small business customers. These include Microsoft Office Small Business Accounting, which is available as a stand-alone offering or integrated with the Microsoft Office product suite. In partnership with ADP, Microsoft also launched a payroll solution for small businesses. Microsoft is collaborating with merchant acquiring institutions to offer credit and debit card processing for Microsoft Office Small Business Accounting and with Deluxe to offer business checks, forms, envelopes and related printed products. Accordingly, we expect that competition from Microsoft in the small business area will intensify over time with the introduction of these and other offerings that directly compete with our QuickBooks and other offerings. Although we have successfully competed with Microsoft in the past, given its market position and resources, Microsoft’s small business product and service offerings may have a significant negative impact on our revenue and profitability.

Consumer Tax. Our consumer tax business faces significant competition from both the public and private sector. In the public sector we face the risk of federal and state taxing authorities developing or contracting to provide software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers.

- *Federal Government*. Agencies of the U.S. government have made several attempts during the two most recent presidential administrations to initiate a program to offer taxpayers free online tax preparation and filing services. However, in October 2002 the Internal Revenue Service agreed not to provide its own competing tax software product or service so long as participants in a consortium of private tax preparation software companies, including Intuit, agreed to provide web-based federal tax preparation and filing services at no cost to qualified taxpayers under an arrangement called the Free File Alliance. In October 2005 the federal government and the Free File Alliance signed a new four-year agreement that continues to restrict the Internal Revenue Service from entering the tax preparation business. In addition, this agreement specifies that the free services will be available to 70% of U.S. taxpayers, which the IRS currently defines as taxpayers with less than approximately $50,000 in adjusted gross income. The agreement also limits any individual participating company to free offerings that target no more than 50% of all taxpayers. Although, for the time being, the Free File Alliance has kept the federal government from being a direct competitor to our tax offerings, it has fostered additional web-based competition and has the potential to cause us to lose revenue opportunities for a large percentage of the tax base. Over time, a growing number of competitors have used the Free File Alliance as a marketing tool by giving away services at the federal level and attempting to make money by selling state filing and other services. In addition, persons who formerly have paid for our products may elect to use our unpaid federal offering instead. The federal government has the right to terminate the agreement with the Free File Alliance upon 24 months written notice. If the federal government were to terminate the agreement and elect to provide its own software and electronic filing services to taxpayers at no charge it could negatively impact our revenue and profits.

- *State Governments*. State taxing authorities have also actively pursued various strategies to provide free online tax return preparation and electronic filing services for state taxpayers. As of January 31, 2006, 21 states had entered into agreements with the private sector based on the federal Free File Alliance agreement and had agreed not to provide direct state services. However, 22 other states, including California, directly offered their own online tax preparation and filing services to taxpayers. In addition, for the 2004 tax year, California tested a limited pilot program under which a state-operated electronic system automatically prepared and filed approximately 10,000 state income tax returns with no individual transaction charge to those taxpayers. Legislation enacted in the summer of 2005 limited the program to only a second year of the same limited pilot. The legislation mandated that any continuation of the program thereafter required further authorization from the California state legislature. In spite of this policy direction, this program could be expanded in the future. It is also possible that other governmental entities that currently do not offer such services could elect to pursue similar competitive offerings in the future. These publicly sponsored programs could cause us to lose customers to free offerings and enable competitors to gain market share at our expense by using participation in the free alliances as an effective tool to attract customers to ancillary paid offerings. Given the efficiencies that electronic tax filing provides to taxing authorities, we anticipate that governmental competition will present a continued competitive threat to our business for the foreseeable future.
- *Private Sector*. In the private sector we face intense competition primarily from H&R Block, the makers of TaxCut software, and increasingly from web-based competitive offerings where we are subject to significant and increasing price pressure. We also compete for customers with low-cost assisted tax preparation businesses, such as H&R Block.

Other Segments (Intuit-Branded Small Business, Professional Tax and Other Businesses). Our professional tax offerings face pricing pressure from competitors seeking to obtain our customers through deep product discounts and loss of customers to competitors offering no-frills offerings at low prices, such as Kleinrock Publishing's ATX product line. This business also faces competition from competitively-priced tax and accounting solutions that include integration with non-tax functionality. Our principal competitors in the outsourced payroll services business benefit from greater economies of scale due to their substantial size, which may result in pricing pressure for our offerings. In addition, in September 2005 Microsoft launched a payroll solution for small businesses. The growth of electronic banking and other electronic payment systems is decreasing the demand for checks and consequently causing pricing pressure for our supplies products as competitors aggressively compete for share of this shrinking market. Our Quicken products compete both with Microsoft Money, which is aggressively promoted and priced, and with web-based electronic banking and personal finance tracking and management tools that are becoming increasingly available at no cost to consumers. These competitive pressures may result in reduced revenue and lower profitability for our Quicken product line and related bill payment service offering.

Future revenue growth for our core products depends upon our introduction of new and enhanced products and services.

Our customer-driven invention and associated product development efforts are critical to our success. The introduction of new offerings and product and service enhancements are necessary for us to differentiate our offerings from those of our competitors and to motivate our existing customers to purchase upgrades, or current year products in the case of our tax offerings. A number of our businesses derive a significant amount of their revenue through one-time upfront license fees and rely on customer upgrades and service offerings that include upgrades to generate a significant portion of their revenues. As our existing products mature, encouraging customers to purchase product upgrades becomes more challenging unless new product releases provide features and functionality that have meaningful incremental value. If we are not able to develop and clearly demonstrate the value of upgraded products to our customers, our upgrade and service revenues will be negatively impacted. Similarly, our business will be harmed if we are not successful in our efforts to develop and introduce new products and services to retain our existing customers, expand our customer base and increase revenues per customer.

Our new product and service offerings may not achieve market success or may cannibalize sales of our existing products, causing our revenue and earnings to decrease.

Our future success depends in large part upon our ability to identify emerging opportunities in our target markets and our capacity to quickly develop, and sell products and services that satisfy these demands in a cost effective manner. Successfully predicting demand trends is difficult, and we may expend a significant amount of resources and management attention on products or services that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. For example, in 2004 we discontinued our QuickBooks Premier Healthcare offering due to lack of customer demand. If we misjudge customer needs, our new products and services will not succeed and our revenues and earnings will be negatively impacted. In addition, as we expand our offerings to new customer categories we run the risk of customers shifting from higher priced and higher margin products to newly introduced lower priced offerings. For instance, our new QuickBooks Simple Start offering and our new ProSeries Basic and ProSeries Express offerings may attract users that would otherwise have purchased our higher priced, more full featured offerings.

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

All of our tax products and many of our non-tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Many of our products are highly complex and require interoperability with other software products and services. Our tax preparation software product development cycle is particularly challenging due to the need to incorporate unpredictable tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products to prepare and file their taxes by April 15th. Due to this complexity and the condensed development cycles under which we operate, our products sometimes contain “bugs” that can unexpectedly interfere with the operation of the software. For example, our software may face interoperability difficulties with software operating systems or programs being used by our customers. When we encounter problems we may be required to modify our code, distribute patches to customers who have already purchased the product and recall or repackage existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products late in our development cycle it may cause us to delay our product launch date. Any major defects or launch delays could lead to the following:

- loss of customers to competitors, which could also deprive us of future revenue attributable to repeat purchases, product upgrades and purchases of related services;
- negative publicity and damage to our brands;
- customer dissatisfaction;
- reduced retailer shelf space and product promotions; and
- increased operating expenses, such as inventory replacement costs and in our Consumer Tax business, expenses resulting from our commitment to reimburse penalties and interest paid by customers due solely to calculation errors in our consumer tax preparation products.

The growth of our business depends on our ability to adapt to rapid technological change.

The software industry in which we operate is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions and enhancements. Our Right for Me marketing approach increases the importance for us of developing additional versions of our products to meet specific customer needs. Our ability to succeed in this rapidly changing environment requires that we continuously invest resources to enhance our software architecture and developer tools. We must make this investment in order to continue to enhance our current products and develop new products to meet changing customer needs and to attract and retain talented software developers. We are currently in the process of modernizing the software platforms for a number of our product lines, including our QuickBooks, TurboTax and Quicken products. Completing these upgrades and adapting to other technological developments may require considerable time and expense. If we experience prolonged delays or unforeseen difficulties in upgrading our software architecture, our ability to develop new products and enhancements to our current products would suffer.

If we fail to maintain reliable and responsive service levels for our electronic tax offerings, or if the IRS or other governmental agencies experience difficulties in receiving customer submissions, we could lose customers and our revenue and earnings could decrease.

Our web-based tax preparation services, electronic filing services and “pay-as-you-go” services are an important and growing part of our tax businesses and must effectively handle extremely heavy customer demand during the peak tax season from January to April. We face significant risks and challenges in maintaining these services and maintaining adequate service levels, particularly during peak volume service times. Similarly, governmental entities receiving electronic tax filings must also handle large volumes of data and may experience difficulties with their systems preventing the receipt of electronic filings. If customers are unable to file their returns electronically they may elect to make paper filings. This would result in reduced electronic tax return preparation and filing revenues and profits and would negatively impact our reputation and ability to keep and attract customers who demand a reliable electronic filing experience. We have experienced relatively brief unscheduled interruptions in our electronic filing and/or tax preparation services during past tax years. For example, on April 17, 2006 we chose to refresh our systems during the day in preparation for anticipated heavy evening volume and this resulted in electronic filing services being unavailable to our customers for about twenty minutes. On April 15, 2003 we experienced a relatively brief unscheduled interruption in our electronic filing service during which certain users of our professional tax products were unable to receive confirmation from us that their electronic filing had been accepted and on April 15, 2002 we reached maximum capacity for processing electronic filings for a short period of time. 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 actual product returns exceed returns reserves, or if actual customer rebate redemptions exceed rebate reserves, our financial results would be harmed.

We ship more desktop software products to our distributors and retailers than we expect them to sell, in order to reduce the risk that distributors or retailers will run out of products. This is particularly true for our Consumer Tax products, which have a short selling season and for which returns occur primarily in our fiscal third and fourth quarters. Like many software companies that sell their products through distributors and retailers, we have historically accepted significant product returns. We establish reserves against revenue for product returns in our financial statements, based on estimated future returns of products. We closely monitor levels of product sales and inventory in the retail channel in an effort to maintain reserves that are adequate to cover expected returns. In the past, returns have not differed significantly from these reserves. However, if we do experience actual returns that significantly exceed reserves, it would result in lower net revenue. For example, if we had increased our fiscal 2005 returns reserves by 1% of non-consignment sales to retailers for QuickBooks, TurboTax and Quicken, our fiscal 2005 total net revenue would have been approximately $3.6 million lower. In addition, our policy of recognizing revenue from distributors and retailers upon delivery of product for non-consignment sales is predicated upon our ability to reasonably estimate returns. If we do not continue to demonstrate our ability to estimate returns then our revenue recognition policy for these types of sales may no longer be appropriate. We also offer customer rebates as part of our selling efforts and establish reserves through a charge to revenue for estimated future payments of rebates. Historically, a percentage of customers do not submit requests for their rebates. Rebate redemption rates are going up because we, along with certain retailers, are making it easier for customers to claim rebates. While we have taken this trend into account in determining our rebate reserves, if a greater number of eligible customers seek rebates than for which we have provided reserves our margins will be adversely affected.

Changes in pricing and rebate practices may not be positively received by retail channel partners or consumers.

We have recently modified pricing and eliminated rebates on certain products that have historically been offered with rebates, and we may elect to expand this practice to other products in the future. These changes to date have generally involved a reduction in list price of less than the face value of the rebate, and elimination of the rebate offer. While we have discussed these changes with our retail channel partners, our partners and consumers may have grown accustomed to rebate-based offers and may view this change as a net price increase. There can be no assurance that these changes will be received positively by our retail channel partners or consumers. If these changes are received negatively by either, our revenues could be adversely impacted.

We are continuing to enhance our new information systems, which we use to manage our business and finance operations, and problems with the design or implementation of these enhancements could interfere with our business and operations.

In September 2004 we implemented new information systems that manage our business and finance operations. During the course of the conversion we upgraded significant financial systems, order-taking systems, middleware systems (systems that allow for interoperability of different databases) and network security systems. While we were able to complete the processing requirements of our peak business season in fiscal 2005, we experienced some system-related slowdowns. We enhanced and upgraded certain information systems prior to our peak business season in fiscal 2006 and system performance during that peak improved significantly compared with the prior fiscal year. However, we believe that we need to continue to enhance and upgrade our information systems to further improve performance and support our future growth. In the event that we are unable to expand the capabilities of our systems, our ability to grow our business will be limited. The expenditures associated with the expansion and upgrade of our systems could be significant. Problems with the design or implementation of these system 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.

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

Several of our businesses are highly seasonal causing significant quarterly fluctuations in our financial results. Revenue and operating results are usually strongest during the second and third fiscal quarters ending January 31 and April 30 due to our tax businesses contributing most of their revenue during those quarters and the timing of the release of our small business software products and upgrades. We experience lower revenues, and significant operating losses, in the first and fourth quarters ending October 31 and July 31. For example, in the second and third quarters of fiscal 2004 and 2005 we had total net revenue of between $620.6 million and $834.9 million while in our first and fourth fiscal quarters we had total net revenue of between $227.1 million and $301.8 million. 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 our discontinuance of support for older product offerings, the timing of sales of our higher-priced Intuit-Branded Small Business offerings, our methods for distributing our products, including the shift to a consignment model for some of our desktop products sold through retail distribution channels, the inclusion of upgrades with certain offerings (which can impact the pattern of revenue recognition), and the timing of acquisitions, divestitures, and goodwill and purchased intangible asset impairment charges.

As our product and service offerings become more complex our revenue streams may become less predictable.

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 revenue 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 recognized revenue at the time products are shipped, but result in increased recognized revenue in fiscal periods after shipment.

Acquisition-related costs and impairment charges can cause significant fluctuation in our net income.

Our acquisitions have resulted in significant expenses, including amortization of purchased intangible assets (which is reflected in cost of revenue), as well as charges for in-process research and development, impairment of goodwill, amortization and impairment of purchased intangible assets and charges for deferred compensation (which are reflected in operating expenses). Total acquisition-related costs in the categories identified above were $18.6 million in the nine months ended April 30, 2006, $26.8 million in fiscal 2005 and $33.6 million in fiscal 2004. Although under current accounting rules goodwill is no longer amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our statement of operations in our fourth fiscal quarter that could not have been reasonably foreseen in prior periods. For example, at the end of fiscal 2004 we incurred a goodwill impairment charge of $18.7 million related to our Intuit Public Sector Solutions business. At April 30, 2006, we had goodwill of $530.1 million and unamortized purchased intangible assets of $62.1 million on our balance sheet, both of 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.

If we do not respond promptly and effectively to customer service and technical support inquiries we will lose customers and our revenue and earnings will decline.

The effectiveness of our customer service and technical support operations are critical to customer satisfaction and our financial success. If we do not respond effectively to service and technical support requests we will lose customers and miss revenue opportunities, such as paid service, product renewals and new product sales. In our service offerings, such as our merchant card processing and Outsourced Payroll businesses, customer service delivery is fundamental to retaining and maintaining existing customers and acquiring new customers. 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. We also risk losing service at any one of our customer contact centers and our redundancy systems could prove inadequate to provide backup support. Training and retaining qualified customer service and technical support personnel is particularly challenging due to the expansion of our product offerings and the seasonality of our tax business. For example, in fiscal 2006 the number of our consumer tax service representatives ranged from about 60 during off-season months to about 1,050 at the peak of the season. If we do not adequately train our support representatives our customers will not receive the level of support that they demand and we strive to deliver. To improve our performance in this area, we must eliminate underlying causes of service and support requests through product improvements, better order fulfillment processes, more robust self-help tools, and improved ability to accurately anticipate demand for support. Implementing any of these improvements can be expensive, time consuming and ultimately prove unsuccessful. If we do not deliver the high level of support that our customers expect for any of the reasons stated above we will lose customers and our financial results will suffer.

If we encounter problems with our third-party customer service and technical support providers our business will be harmed and our margins will decline.

We outsource a substantial portion of our customer service and technical support activities to domestic and international third-party service providers, including to service providers in India. During fiscal 2004 we greatly increased the number of third-party customer service representatives working on our behalf and we expect to continue to rely heavily on third parties in the future. This strategy provides us with lower operating costs and greater flexibility, but also presents risks to our business, including the following:

- International outsourcing has received considerable negative attention in the media and there are indications that the U.S. Congress may pass legislation that would impact how we operate and impact customer perceptions of our service. For example, in Congress legislators have discussed restricting the flow of personal information to overseas providers and requiring representatives in foreign jurisdictions to affirmatively identify themselves by name and location;
- Customers may react negatively to providing information to and receiving support from overseas organizations;
- We may not be able to impact the quality of support that we provide as directly as we are able to in our company-run call centers;
- In recent years India has experienced political instability and changing policies that may impact our operations. In addition, for a number of years India and Pakistan have been in conflict and an active state of war between the two countries could disrupt our services; and
- We rely on a global communications infrastructure that may be interrupted in a number of ways. For example, in fiscal 2004 we had to reroute calls to India due to an underwater cable being cut in the Mediterranean Sea.

We depend upon a small number of larger retailers to generate a significant portion of our sales volume for our desktop software products.

We sell most of our desktop software products through our retail distribution channel and a relatively small number of larger retailers generate a significant portion of our sales volume. Our principal retailers have significant bargaining leverage due to their size and available resources. Any change in principal business terms, termination or major disruption of our relationship with these resellers could result in a potentially significant decline in our revenues and earnings. For example, the sourcing decisions, product display locations and promotional activities that retailers undertake can greatly impact the sales of our products. Due to its seasonal nature, sales of TurboTax are particularly impacted by such decisions and if our principal distribution sources were to elect to carry or promote competitive products our revenues would decline. The fact that we also sell our products directly could cause retailers to reduce their efforts to promote our products or stop selling our products altogether. If any of our retailers run into financial difficulties we may be unable to collect amounts that we are owed. At January 31, 2006, in the midst of the 2005 consumer tax season, amounts due from our eight largest retailers and distributors represented approximately 47% of total accounts receivable.

Selling new products may be more challenging and costlier than selling our historical products, causing our margins to decline.

Because our strategy for some of our products involves the routine introduction of new products at retail, if retailers do not offer our new products we will not be able to grow as planned. An outcome of our Right for Me marketing approach is the introduction of additional versions of our products. Retailers may be reluctant to stock unproven products, or products that sell at higher prices, but more slowly. Retailers may also choose to place less emphasis on software as a category within their stores. In addition, it may be costlier for us to market and sell some of our higher priced products due to our need to convey the more customer-specific value of the products to customers rather than communicating more generalized benefits. This may require us to develop other marketing programs that supplement our traditional in-store promotional efforts to sell these products to customers causing our margins to shrink. If retail distribution proves an ineffective channel for certain of our new offerings it could adversely impact our growth, revenue and profitability.

If our manufacturing and distribution suppliers execute poorly our business will be harmed.

We have chosen to outsource the manufacturing and distribution of many of our desktop software products to a small number of third party providers and we use a single vendor to produce and distribute our check and business forms supplies products. Although our reliance on a small number of suppliers, or a single supplier, provides us with efficiencies and enhanced bargaining power, poor performance by or lack of effective communication with these parties can significantly harm our business. This risk is amplified by the fact that we carry very little inventory and rely on just-in-time manufacturing processes. We mitigate this risk by managing our second tier vendors and maintaining contingency plans. We have experienced problems with our suppliers in the past. For example, during fiscal 2004 one of our suppliers was unable to fulfill orders for some of our software products for a number of days due to operational difficulties and communication errors. Although together we were able to mitigate the impact of that delay with minimal disruption to our business, if we experience longer delays, delays during a peak demand period or significant quality issues our business could be significantly harmed.

Failure to maintain the availability and security of the systems, networks, databases and software required to operate and deliver our Internet-based products and services could adversely affect our operating results.

Our Internet-based product and service offerings, including QuickBooks Online Edition, QuickBooks Assisted Payroll Service, Complete web-based Payroll, Turbo Tax Online, consumer and professional electronic tax filing services, Quicken.com and QuickBase, rely on a variety of systems, networks and databases, many of which are maintained by us at our data centers. In order to prevent interruptions to the availability of our Internet-based products and services, we generally follow industry-standard practices for creating a fault-tolerant environment. However, we do not have complete redundancy for all of our systems. We do not maintain real-time back-up of our data, and in the event of significant system disruption, particularly during peak tax filing season, we could experience loss of data or tax return processing capabilities, which could cause us to lose customers and could materially harm our operating results. We maintain back-up processing capabilities that are designed to protect us against site-related disasters for many of our mission-critical applications. Notwithstanding our efforts to protect against “down time” for our Internet-based products and services, we do occasionally experience unplanned outages or technical difficulties. In order to provide our Internet-based products and services, we must protect the security of our systems, networks, databases and software.

Like all companies that deliver products and services via the Internet, we are subject to attack by computer hackers who develop and deploy software that is designed to penetrate the security of our systems and networks. If hackers were able to penetrate our security systems, they could misappropriate or damage our proprietary information or cause disruptions in the delivery of our products and services. We believe that we have taken steps to protect against such attacks. However, there can be no assurance that our security measures will not be penetrated by experienced hackers. In the event that the systems, networks, databases and software required to deliver our Internet-based products and services become unavailable or suffer technical difficulties or a breach in security, we may be required to expend significant resources to alleviate these problems, and our operating results could suffer. In addition, any such interruption or breach of security could damage our reputation and lead to the loss of customers.

Failure of our information technology systems or those of our service providers could adversely affect our future operating results.

We rely on a variety of internal technology systems and technology systems maintained by our outside manufacturing and distribution suppliers to take and fulfill customer orders, handle customer service requests, host our web-based activities, support internal operations, and store customer and company data. These systems could be damaged or interrupted, preventing us or our service providers from accepting and fulfilling customer orders or otherwise interrupting our business. In addition, these systems could suffer security breaches, causing company and customer data to be unintentionally disclosed. Any of these occurrences could adversely impact our operations. We have experienced system challenges in the past. For example, during fiscal 2004 some of our non-critical systems were interrupted due to computer viruses that caused loss of productivity and added expense. We also experience computer server failures from time to time. To prevent interruptions we must continually upgrade our systems and processes to ensure that we have adequate recoverability – both of which are costly and time consuming. While we and our outside service partners have backup systems for certain aspects of our operations, not all systems upon which we rely are fully redundant and disaster recovery planning may not be sufficient for all eventualities.

Possession and use of personal customer information by our businesses presents risks and expenses that could harm our business.

A number of our businesses possess personal customer information, including credit card numbers, bank account information and payroll information such as social security numbers. We also collect and maintain personal information of our employees in the ordinary course of our business, and some of this information is held and managed by third parties. We use commercially available encryption technology to transmit personal information when taking orders or communicating over the Internet. However, a third party may be able to circumvent these security measures, and physical security breaches and errors in the storage or transmission of data could result in a breach of customer or employee privacy. Possession and use of personal information in conducting our business subjects us to legislative and regulatory burdens, including laws relating to data breach notification, and potential lawsuits. We have incurred – and will continue to incur – significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

In the past we have experienced lawsuits and negative publicity relating to privacy issues and we could face similar suits in the future. A major breach of customer privacy or security could have serious negative consequences for our businesses, including possible fines, penalties and damages, reduced customer demand for our services, harm to our reputation, further regulation and oversight by federal or state agencies, and loss of our ability to accept and process customer credit card orders. Although we have sophisticated network security, internal control measures, and physical security procedures to safeguard customer information, there can be no assurance that a data security breach or theft will not occur resulting in harm to our business and results of operations.

We are exposed to risks associated with credit card fraud and credit card processing and payment.

Many of our customers use credit cards to pay for our products and services. We have suffered losses, and may continue to suffer losses, as a result of orders placed with fraudulent credit card data. Under current credit card practices, we may be liable for fraudulent credit card transactions if we do not obtain a cardholder’s signature, a frequent practice in Internet sales. We employ technology solutions to help us detect fraudulent credit card transactions. However, the failure to detect or control credit card fraud could have an adverse effect on our results of operations.

We are subject to payment card association operating rules and certification requirements, as in effect from time to time. Failure to comply with these rules or requirements may subject us to fines and higher transaction fees or cause us to lose our ability to accept credit card payments from our customers, resulting in harm to our business and results of operations.

If we fail to adequately protect our intellectual property rights, competitors may exploit our innovations, which could weaken our competitive position and reduce our revenue and earnings.

Our success depends upon our proprietary technology. We rely on a combination of copyright, trade secret, trademark, patent, confidentiality procedures and licensing arrangements to establish and protect our proprietary rights. As part of our confidentiality procedures, we generally enter into non-disclosure agreements with our employees, contractors, distributors and corporate partners and into license agreements with respect to our software, documentation and other proprietary information. Effectively creating and protecting our proprietary rights is expensive and may require us to engage in costly and distracting litigation. Despite these precautions, third parties could copy or otherwise obtain and use our products or technology without authorization. Because we outsource significant aspects of our product development, manufacturing and distribution we are at risk that confidential portions of our intellectual property could become public by lapses in security by our contractors. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation. It is also possible that other companies could successfully challenge the validity or scope of our patents and that our patent portfolio, which is relatively small, may not provide us with a meaningful competitive advantage. Ultimately, our attempts to secure legal protection for our proprietary rights may not be adequate and our competitors could independently develop similar technologies, duplicate our products, or design around patents and other intellectual property rights. If our intellectual property protection proves inadequate we could lose our competitive advantage and our financial results will suffer.

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

Our intellectual property rights are among our most valuable assets. Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. Current U.S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. We may not be able to prevent misappropriation of our technology. For example, we frequently encounter unauthorized copies of our software being sold through online auction sites and other online marketplaces. In addition, efforts to protect our intellectual property may be misunderstood and perceived negatively by our customers. For example, during 2003 we employed technology to prohibit unauthorized sharing of our TurboTax products. These efforts were not effectively communicated causing a negative reaction by some of our customers who misunderstood our actions. Although we continue to evaluate technology solutions to piracy, and we continue to increase our civil and criminal enforcement efforts, we expect piracy to be a persistent problem that results in lost revenues and increased expenses.

Although we are unable to quantify the extent of piracy of our software products, software piracy may depress our net revenues. We engage in efforts to educate consumers on the benefits of licensing genuine products and to educate lawmakers on the advantages of a business climate where intellectual property rights are protected, and we cooperate with the Software & Information Industry Association in their efforts to combat piracy. However, these efforts may not affect the piracy of our products.

We do not own all of the software, other technologies and content used in our products and services.

Many of our products are designed to include intellectual property owned by third parties. We believe we have all of the necessary licenses from third parties to use and distribute third party technology and content that we do not own that is used 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 existing products or in wholly new products. We may not be able to negotiate or renegotiate licenses on reasonable terms, or at all. If we are unable to obtain the rights necessary to use or continue 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.

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

From time to time, we have received claims that we have infringed the intellectual property rights of others. As the number of products in the software industry increases and the functionality of these products further overlap, and as we acquire technology through acquisitions or licenses, we believe that we may become increasingly subject to infringement claims, including patent, copyright, and trademark infringement claims. We expect that software products in general will increasingly be subject to these claims as the number of products and competitors increase, the functionality of products overlap and as the patenting of software functionality continues to grow. We have, from time to time, received allegations of patent infringement claims in the past and may receive more claims in the future based on allegations that our products infringe upon patents held by third parties. The receipt of a notice alleging infringement may require us to obtain a costly opinion of counsel to prevent an allegation of intentional infringement. Future claims could present an exposure of uncertain magnitude. We 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 allegation is uncertain and, regardless of outcome, any such claim, with or without merit, could be time consuming to defend, result in costly litigation, divert management’s time and attention from our business, require us to stop selling, to delay shipping or to redesign our products, or require us to pay monetary damages for royalty or licensing arrangements, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims could adversely affect our business.

In addition, we license and use software from third parties in our business. These third party software licenses may not continue to be available to us on acceptable terms. Also, these third parties may from time to time receive claims that they have infringed the intellectual property rights of others, including patent and copyright infringement claims, which may affect our ability to continue licensing their software. Our inability to use any of this third party software could result in shipment delays or other disruptions in our business, which could materially and adversely affect our operating results.

Our acquisition activity could disrupt our ongoing business and may present risks not contemplated at the time of the transactions.

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

- inability to successfully integrate the acquired technology and operations into our business and maintain uniform standards, controls, policies, and procedures;
- distraction of management's attention away from normal business operations;
- challenges retaining the key employees of the acquired operation;
- insufficient revenue generation to offset liabilities assumed;
- expenses associated with the acquisition; and
- unidentified issues not discovered in our due diligence process, including product quality issues and legal contingencies.

Acquisitions are inherently risky. We can not be certain that our previous or future acquisitions will be successful and will not materially adversely affect the conduct, operating results or financial condition of our business. We have generally paid cash for our recent acquisitions. If we issue common stock or other equity related purchase rights as consideration in an acquisition, current shareholders' percentage ownership and earnings per share may become diluted.

If we fail to operate our Outsourced Payroll business effectively our revenue and earnings will be harmed.

Our payroll business handles a significant amount of dollar and transaction volume. Due to the size and volume of transactions that we handle, effective processing systems and controls are essential to ensure that transactions are handled appropriately. Despite our efforts, it is possible that we may make errors or that funds may be misappropriated. In addition to any direct damages and fines that any such problems would create, which could be substantial, the loss of customer confidence in our accuracy and controls would seriously harm our business. Our payroll business has grown largely through acquisitions and our systems are comprised of multiple technology platforms that are difficult to scale. We must constantly continue to upgrade our systems and processes to ensure that we process customer data in an accurate, reliable and timely manner. These upgrades must also meet the various regulatory requirements and deadlines associated with employer-related payroll activities. Any failure of our systems or processes in critical switch-over times, such as in January when many businesses elect to change payroll service providers, would be detrimental to our business. 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. If these efforts are not successful our revenue growth and profitability will decline.

Interest income attributable to payroll customer deposits may fluctuate or be eliminated, causing our revenue and earnings to decline.

We currently record revenue from interest earned on customer deposits that we hold pending payment of funds to taxing authorities or to customers' employees. If interest rates decline, or there are regulatory changes that diminish the amount of time that we are required or permitted to hold such funds, our interest revenue will decline.

We face a number of risks in our merchant card processing business that could result in a reduction in our revenue and earnings.

Our merchant card processing service business is subject to the following risks:

- if merchants for whom we process credit card transactions are unable to pay refunds due to their customers in connection with disputed or fraudulent merchant transactions we may be required to pay those amounts and our payments may exceed the amount of the customer reserves we have established to make such payments;
- we will not be able to conduct our business if the bank sponsors and card payment processors and other service providers that we rely on to process bank card transactions terminate their relationships with us and we are not able to secure or successfully migrate our business elsewhere;
- we could be required to stop providing payment processing services for Visa and MasterCard if we or our bank sponsors fail to adhere to the standards of the Visa and MasterCard credit card associations;
- we depend on independent sales organizations, some of which do not serve us exclusively, to acquire and retain merchant accounts;

- our profit margins will be reduced if for competitive reasons we cannot increase our fees at times when Visa and MasterCard increase the fees that we pay to process merchant transactions through their systems;
- unauthorized disclosure of merchant and cardholder data, whether through breach of our computer systems or otherwise, could expose us to protracted and costly litigation; and
- we may encounter difficulties scaling our business systems to support our growth.

Should any of these risks be realized our business could be harmed and our financial results could suffer.

Increased state tax filing mandates, such as the required use of specific technologies, could significantly increase our costs.

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

We may be unable to attract and retain key personnel.

Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive team, and those in technical, marketing and staff positions. Experienced personnel in the software and services industries are in high demand and competition for their talents is intense, especially in Silicon Valley and San Diego, California, where the majority of our employees are located. Although we strive to be an employer of choice, we may not be able to continue to successfully attract and retain key personnel which would cause our business to suffer.

Our insurance policies are costly, may be inadequate and potentially expose us to unrecoverable risks.

Insurance availability, coverage terms and pricing continue to vary with market conditions. We endeavor to obtain appropriate insurance coverage for insurable risks that we identify, however, we may fail to correctly anticipate or quantify insurable risks, we may not be able to obtain appropriate insurance coverage, and insurers may not respond as we intend to cover insurable events that may occur. We have observed rapidly changing conditions in the insurance markets relating to nearly all areas of traditional corporate insurance. Such conditions have resulted in higher premium costs, higher policy deductibles, and lower coverage limits. For some risks, because of cost or availability, we do not have insurance coverage. For these reasons, we are retaining a greater portion of insurable risks than we have in the past at relatively greater cost.

We are frequently a party to litigation that is costly to defend and consumes the time of our management.

Due to our financial position and the large number of customers that we serve we are often forced to defend litigation. For example, we are currently being sued in an action for claims related to Quicken Brokerage powered by Siebert, a strategic alliance between the two companies. Although we believe that this case has no merit and we are defending the matter vigorously, defending such matters consumes the time of our management and is expensive for Intuit. Even though we often seek insurance coverage for litigation defense costs, there is no assurance that our defense costs, which can be substantial, will be covered in all cases. In addition, by its nature, litigation is unpredictable and we may not prevail even in cases where we strongly believe a plaintiff's case has no valid claims. If we do not prevail in litigation we may be required to pay substantial monetary damages or alter our business operations. Regardless of the outcome, litigation is expensive and consumes the time of our management and may ultimately reduce our income.

Unanticipated changes in our tax rates could affect our future financial results.

Our future effective tax rates could be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or their interpretation. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition.

Our stock price may be volatile.

Our stock has at times experienced substantial price volatility as a result of variations between our actual and anticipated financial results and as a result of our announcements and those of our competitors. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market price of many technology companies in ways that have been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions, may materially adversely affect the market price of our stock in the future.

If we fail to maintain an effective system of internal controls, we may not be able to detect fraud or report our financial results accurately, which could harm our business and the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and to detect and prevent fraud. We periodically assess our system of internal controls, and the internal controls of service providers upon which we rely, to review their effectiveness and identify potential areas of improvement. These assessments may conclude that enhancements, modifications or changes to our system of internal controls are necessary. In addition, from time to time we acquire businesses, many of which have limited infrastructure and systems of internal controls. Performing assessments of internal controls, implementing necessary changes, and maintaining an effective internal controls process is expensive and requires considerable management attention, particularly in the case of newly acquired entities. Internal control systems are designed in part upon assumptions about the likelihood of future events, and all such systems, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. If we fail to implement and maintain an effective system of internal controls or prevent fraud, we could suffer losses, could be subject to costly litigation, investors could lose confidence in our reported financial information and our brand and operating results could be harmed, which could have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we and our independent registered public accounting firm must certify the adequacy of our internal controls over financial reporting annually. Identification of material weaknesses in internal controls over financial reporting by us or our independent registered public accounting firm could adversely affect our competitive position in our business, especially our Outsourced Payroll business, and the market price for our common stock.

Business interruptions could adversely affect our future operating results.

Several of our major business operations are subject to interruption by earthquake, fire, power shortages, terrorist attacks and other hostile acts, and other events beyond our control. The majority of our research and development activities, our corporate headquarters, our principal information technology systems, and other critical business operations are located near major seismic faults. We do not carry earthquake insurance for direct quake-related losses. While we maintain disaster recovery facilities for key data centers that support the information systems, networks and databases that are necessary to operate our business, we are still in the process of establishing disaster recovery facilities for some of our data centers. Our operating results and financial condition could be materially adversely affected in the event of a major earthquake or other natural or man-made disaster.

Caution Regarding Forward-Looking Statements

This Report contains forward-looking statements. All statements in this Report, other than statements that are purely historical, are forward-looking statements. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “forecasts,” “estimates,” “seeks,” and similar expressions also identify forward-looking statements. In this Report, forward-looking statements include, without limitation, the following: our expectations and beliefs regarding future conduct and growth of the business; the assumptions underlying our Critical Accounting Policies, including our estimates regarding product rebate and return reserves and stock volatility and other assumptions used to estimate the fair value of share-based compensation; our expected future amortization of purchased intangible assets; our expectations regarding competition and our ability to compete effectively; our belief that the investments that we hold are not other-than-temporarily impaired; our belief that we will be able to obtain any necessary licenses or other rights to any disputed intellectual property rights on commercially reasonable terms; our belief that our exposure to currency exchange fluctuation risk will not be significant in the future; our belief that our income tax valuation allowance is sufficient; our belief that our cash, cash equivalents and investments will be sufficient to meet our working capital and capital expenditure requirements for the next 12 months; our expectations regarding research and development efforts and expenses and the introduction of new or upgraded products and related services and features; our expectations regarding the growth opportunities for our business; our belief that the continuing trend among individual taxpayers toward the use of both Web and desktop software to prepare their own income tax returns will continue to be important to the growth of our Consumer Tax business; the expected financial impact of the sale of our Master Builder business; our assessments and estimates that determine our effective tax rate; our assessments and beliefs regarding the future outcome of pending legal proceedings and the liability, if any, that Intuit may incur as a result of those proceedings; and the expected effects of the adoption of new accounting standards.

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. Because these forward-looking statements involve risks and uncertainties that are difficult to predict, there are important factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. These factors include those discussed in this Item 2 under the caption *"Risks That Could Affect Future Results."* We encourage you to read that section carefully along with the other information provided in this Report, in our Annual Report on Form 10-K for the fiscal year ended July 31, 2005 and in our other filings with the SEC before deciding to invest in our stock or to maintain or change your investment. These forward-looking statements are based on information as of the filing date of this Report, and we undertake no obligation to revise or update any forward-looking statement for any reason.

ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment and Funds Held for Payroll Customers Portfolio

We do not hold derivative financial instruments in our portfolio of investments and funds held for payroll customers. Our investments and funds held for payroll customers 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 by limiting our investments and funds held for payroll customers with any individual issuer.

Interest Rate Risk

Our cash equivalents and our portfolio of investments and funds held for payroll customers are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents, investments and funds held for payroll customers and the value of those investments. Should interest rates increase by 10% or about 36 basis points from the levels of April 30, 2006, the value of our investments and funds held for payroll customers would decline by approximately $0.8 million. Should interest rates increase by 100 basis points from the levels of April 30, 2006, the value of our investments and funds held for payroll customers would decline by approximately $2.2 million.

Impact of Foreign Currency Rate Changes

The functional currency of our international operating 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 on our financial results has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. Although the impact of currency fluctuations on our financial results has generally been immaterial in the past and we believe that for the reasons cited above currency fluctuations will not be significant in the future, there can be no guarantee that the impact of currency fluctuations will not be material in the future. As of April 30, 2006, we did not engage in foreign currency hedging activities.

ITEM 4
CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

PART II
ITEM 1
LEGAL PROCEEDINGS

Muriel Siebert & Co., Inc. v. Intuit Inc., Index No. 03-602942, Supreme Court of the State of New York, County of New York.

On September 17, 2003 Muriel Siebert & Co., Inc. filed a complaint against Intuit alleging 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 damages of up to $11.1 million, punitive damages of up to $33.0 million, and other damages. Intuit unsuccessfully sought to compel the matter to arbitration. On February 7, 2005 Intuit filed a motion to dismiss all but one of the plaintiff's claims in New York state court. On September 6, 2005, the court dismissed Siebert's fraud and punitive damages claims. The case is now stayed pending appellate review by the Appellate Division of the New York Supreme Court of certain procedural issues in the case. Intuit believes this lawsuit is without merit and will vigorously defend the litigation.

Other Litigation Matters

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.

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ITEM 2
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Stock repurchase activity during the three months ended April 30, 2006 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans
February 1, 2006 through February 28, 2006	—	$ —	—	$ 295,798,986
March 1, 2006 through March 31, 2006	5,513,000	$ 51.70	5,513,000	$ 10,794,955
April 1, 2006 through April 30, 2006	—	$ —	—	$ 10,794,955
Total	5,513,000		5,513,000	

Notes:

1. All shares repurchased as part of publicly announced plans during the three months ended April 30, 2006 were purchased under our sixth stock repurchase program, which was for $500.0 million. Our sixth repurchase program was announced on November 16, 2005 and expires on November 14, 2008. On May 17, 2006 we announced a seventh stock repurchase program under which we are authorized to repurchase up to $500.0 million of our common stock from time to time over a three-year period ending on May 14, 2009.

ITEM 5
OTHER INFORMATION

Amendment to Operating Lease

In the third quarter of fiscal 2005 we entered into an agreement under which we will lease approximately 365,000 square feet of office space in three buildings to be constructed by the landlord in San Diego, California, with an option to lease office space in a fourth building at the same location. In the third quarter of fiscal 2006 we entered into an amended agreement under which we exercised our option to lease approximately 101,000 square feet of office space in the fourth building. The lease term on the fourth building will begin on November 2, 2007 and end on August 31, 2017. We estimate that our total minimum commitment for the lease on the fourth building is approximately $34 million.

Review of Option Grant Activities

In light of recent reports in the media of public company stock option practices, including a report from the Center for Financial Research and Analysis, Intuit has begun a voluntary review of our historical stock option grant activities and related accounting treatment. Our board of directors has formed a special committee of independent directors to conduct this internal review with the assistance of independent legal counsel and independent accounting support, and the review is underway and ongoing. In addition, subsequent to our initiation of this review, we received a letter from the Securities and Exchange Commission regarding an informal inquiry, and we have informed the SEC staff of the status of our review. We believe that the financial statements included in this report on Form 10-Q fairly present in all material respects the financial condition, results of operations and cash flows of Intuit for the periods presented. However, additional facts may come to light once the review is complete, and there can be no assurance that we will not determine that we need to change our accounting treatment of stock options granted in prior periods, which may have a material adverse effect on our results of operations for those periods or other periods.

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ITEM 6
EXHIBITS

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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated By Reference
10.01	First Amendment to Lease, dated as of March 31, 2006, by and between Intuit and Kilroy Realty, L. P. for property in San Diego, California	X	
31.01	Certification of Chief Executive Officer	X	
31.02	Certification of Chief Financial Officer	X	
32.01	Section 1350 Certification (Chief Executive Officer)	X	
32.02	Section 1350 Certification (Chief Financial Officer)	X	

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 9, 2006	By: /s/ KIRAN M. PATEL Kiran M. Patel Senior Vice President and Chief Financial Officer (Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.01	First Amendment to Lease, dated as of March 31, 2006, by and between Intuit and Kilroy Realty, L. P. for property in San Diego, California
31.01	Certification of Chief Executive Officer
31.02	Certification of Chief Financial Officer
32.01	Section 1350 Certification (Chief Executive Officer)
32.02	Section 1350 Certification (Chief Financial Officer)

Exhibit 10.01

FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("**First Amendment**") is made and entered into as of the 31st day of March, 2006, by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and INTUIT, INC., a Delaware corporation ("**Tenant**").

R E C I T A L S:

A. Landlord and Tenant entered into that certain Office Lease dated March 28, 2005 (the "**Lease**"), whereby Landlord leased to Tenant and Tenant leased from Landlord approximately 364,538 rentable square feet of space comprising the entire rentable areas of "Building 1," "Building 2" and "Building 3," as those terms are defined in the Lease (collectively, the "**Original Premises**"), and located in that certain office project to be constructed by Landlord and more commonly known as "Santa Fe Summit" (the "**Project**").

B. On October 31, 2005, Tenant exercised its B4 Expansion Right pursuant to Section 1.4 of the Lease to expand the Original Premises to include all of the approximately 101,062 rentable square feet of space comprising the entire rentable area of Building 4 (the "**Building 4 Expansion Space**"), to be constructed by Landlord in the Project, and in connection therewith and pursuant to the provisions of Section 1.4.4 of the Lease, Landlord and Tenant desire to document such exercise and correspondingly amend the Lease on such terms and conditions as hereinafter provided.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows.

1. **Terms**. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless otherwise expressly provided in this First Amendment.

2. **Building 4 Expansion Space**. Effective as of the "**B4 Commencement Date**," as that term is defined in Section 1.4.4 of the Lease (*i.e.*, "eight (8) months following the date Landlord delivers the Building 4 Expansion Space to Tenant in a Ready for T/Is condition," but which eight (8) month period and corresponding B4 Commencement Date remain subject to extension, pursuant to the terms and conditions of Section 5 of the Tenant Work Letter attached as **Exhibit B** to the Lease, for any "Landlord Caused Delay," as that term is set forth in Section 5.1 of such Tenant Work Letter), Tenant shall lease from Landlord and Landlord shall lease to Tenant, the Building 4 Expansion Space. Consequently, effective upon the B4 Commencement Date, the "Premises," as that term is defined in the Lease, shall consist of the Original Premises and the Building 4 Expansion Space, and shall, therefore, comprise all of the approximately 465,600 rentable square feet of space in the Project, the actual square footage of which shall be verified pursuant to the TCCs of Section 1.2 of the Lease. Landlord and Tenant

hereby acknowledge that (i) as Landlord hereby informs Tenant, Landlord's currently anticipated delivery date for the Building 4 Expansion Space (in a Ready for T/Is condition) is March 2, 2007, and therefore it is currently anticipated by Landlord that the corresponding B4 Commencement Date will be November 2, 2007 (assuming no Landlord Caused Delays); provided, however, the parties acknowledge that in no event shall the recitation of such currently anticipated dates constitute an agreement to such dates or otherwise operate as an amendment to the TCCs of the Lease relating thereto, and (ii) the actual square footage of the Building 4 Expansion Space (as well as the Original Premises) shall remain subject to verification pursuant to the TCCs of Section 1.2 of the Lease.

3. **B4 Expansion Term**. The Term for the Building 4 Expansion Space shall commence upon the actual B4 Commencement Date, and shall expire coterminously with Tenant's lease of the Original Premises on the Lease Expiration Date. The period of time commencing on the B4 Commencement Date and ending on the Lease Expiration Date shall be referred to herein as the "**B4 Expansion Term**." Landlord shall, within thirty (30) days following the B4 Commencement Date, deliver to Tenant a notice (a "**B4 Expansion Term Memorandum**") substantially in the form attached hereto as **Exhibit A**, setting forth the B4 Commencement Date and other applicable information set forth therein, and Tenant shall execute the B4 Expansion Term Memorandum and return the same to Landlord within ten (10) business days after receipt thereof (provided that if said B4 Expansion Term Memorandum is not factually correct, then Tenant shall make such changes as are necessary to make the B4 Expansion Term Memorandum factually correct and shall thereafter execute and return the same to Landlord within such ten (10) business day period).

4. **Rent**.

4.1 **Base Rent**. Commencing on the B4 Commencement Date, and continuing throughout the B4 Expansion Term, Tenant shall pay to Landlord annual Base Rent for the Building 4 Expansion Space (the "**Building 4 Base Rent**") in an amount which shall be determined in accordance with that certain formula set forth in Section 1.4.2.1 of the Lease; provided, however, Landlord and Tenant hereby agree that the subject annual rate of return for purposes of such calculation as set forth in item (iii) in Section 1.4.2.1 of the Lease shall equal eight and 31/100 percent (8.31%) (i.e., the rate which is 375 basis points over the interest rate applicable to the ten (10) year treasury note as of October 31, 2005). Based upon Landlord's then-existing estimate of the B4 Project Costs and resulting Building 4 Base Rent, Landlord shall, on or before the date which is sixty (60) days prior to the B4 Commencement Date, provide written notice to Tenant of the then-anticipated initial Building 4 Base Rent (the "**Initial B4 Base Rent Estimate**"). Subject to the immediately following sentence, Tenant shall initially pay to Landlord monthly installments of Initial B4 Base Rent Estimate as the B4 Base Rent initially due and owing pursuant to the terms of the Lease. Within ninety (90) days following the B4 Commencement Date, Landlord shall deliver to Tenant a notice (a "**B4 Base Rent Memorandum** ") substantially in the form attached hereto as **Exhibit B**, setting forth the actual Building 4 Base Rent, which Tenant shall execute and return to Landlord within ten (10) business days after receipt thereof, and Landlord and Tenant shall, within thirty (30) days following the date Landlord delivers the B4 Base Rent Memorandum to Tenant, reconcile the amount that should have been paid by Tenant based on the actual Building 4 Base Rent with the amount actually paid by Tenant based on the Initial B4 Base Rent Estimate; provided, however, to the extent that Tenant audits Landlord's determination of the B4 Project Costs pursuant to

Section 3.1.5 of the Lease, then Tenant shall not be required to execute and return to Landlord such B4 Base Rent Memorandum as set forth herein, but shall instead be required to execute and return to Landlord the revised B4 Base Rent Memorandum pursuant to the terms of Section 4.3 of this First Amendment, below.

4.2 **Additional Rent**. During the B4 Expansion Term, Tenant shall pay Tenant's Share of Direct Expenses for the Building 4 Expansion Space in accordance with the terms of Article 4 of the Lease and this First Amendment. Notwithstanding anything to the contrary set forth in the Lease, as hereby amended, for purposes of calculating the amount of Tenant's Share of Direct Expenses which Tenant shall pay in connection with the Building 4 Expansion Space, Tenant's Share shall equal 100% of Building 4.

4.3 **Tenant's Audit of Landlord's Project Costs**. Tenant's right to audit the Project Costs pursuant to the terms of Section 3.1.5 of the Lease shall apply to both the Project Costs and the B4 Project Costs and, in connection therewith, all references in such Section 3.1.5 to Project Costs shall be deemed to include such B4 Project Costs). Landlord and Tenant hereby acknowledge Tenant's intent, pursuant to Section 3.1.5, to so elect to audit the Project Costs (including the B4 Project Costs). Accordingly, unless Tenant, at any time prior to the selection of the Project Costs Accountant, delivers written notice to Landlord stating that it will ***not*** elect to audit the Project Costs (including the B4 Project Costs), then during the ninety (90) day period following the last occurring Rent Commencement Date, Landlord and Tenant shall mutually and reasonably select the Project Costs Accountant. Landlord and Tenant hereby acknowledge and agree that the absence of such a written "no audit" notice from Tenant shall be deemed to constitute Tenant's affirmative election to so audit the Project Costs (including the B4 Project Costs). Concurrently with Landlord's delivery to Tenant of Landlord's final determination of Project Costs (including the B4 Project Costs) pursuant to Section 3.1.5, Landlord shall deliver a copy of such final determination directly to the Project Costs Accountant. Thereafter, once the Project Costs (including the B4 Project Costs) are determined and final pursuant to the TCCs of the Lease, then Landlord shall deliver to Tenant a revised Base Rent Memorandum and B4 Base Rent Memorandum, as applicable, (or with respect to the initial Premises, a revised Base Rent Memorandum, as applicable), setting forth the final, corresponding Base Rent and Building 4 Base Rent, which Tenant shall execute and return to Landlord within ten (10) business days after receipt thereof (provided that to the extent the revised Base Rent Memorandum and/or B4 Base Rent Memorandum are not factually correct, then Tenant shall make such changes as are necessary to make such Base Rent Memorandum and/or B4 Base Rent Memorandum factually correct, as applicable, and shall thereafter execute and return the same to Landlord within such ten (10) business day period). Notwithstanding anything to the contrary set forth in the Lease or this First Amendment, following the mutual selection by Landlord and Tenant of the Project Costs Accountant, such Project Costs Accountant shall be afforded a period of sixty (60) days to complete such audit (the "**Audit Period**"), which Audit Period shall commence on the date Landlord delivers to the Project Costs Accountant Landlord's final determination of Project Costs (including the B4 Project Costs); provided, however, throughout such Audit Period, and promptly following any request therefor, Landlord shall make available to the Project Costs Accountant for its review, all invoices, financial records and similar data and information substantiating Landlord's determination of Project Costs (including the B4 Project Costs) to the extent the same is reasonably required by the Project Costs Accountant to complete such audit (*e.g.*, excluding financial information and data which is, in Landlord's reasonable judgment, either proprietary or legally privileged).

5. **Improvements of the Building 4 Expansion Space**. The Building 4 Expansion Space shall be initially improved with Tenant Improvements pursuant to the applicable terms of the Tenant Work Letter attached to the Lease; provided, however, with regard to the application of such Tenant Work Letter to the Building 4 Expansion Space, (A) references therein to the “Premises” or “initial Premises” shall instead refer to the Building 4 Expansion Space, (B) references therein to the “Tenant Improvement Allowance” shall mean an amount equal to the product of (i) $55.00, (ii) the number of rentable square feet of the Building 4 Expansion Space, and (iii) a fraction, the numerator of which shall be the number of days occurring during the B4 Expansion Term, and the denominator of which shall be 3,653 (*i.e.*, the number of days during the ten (10) year initial Lease Term for the Original Premises), (C) notwithstanding anything to the contrary set forth in the first clause of Section 5.1 of the Tenant Work Letter, the B4 Commencement Date shall be determined in accordance with the TCCs of Section 2 of this First Amendment, and (D) as Landlord has, prior to the date of this First Amendment, completed Final Base Building Construction Documents with regard to the Base Building of Building 4, Landlord shall construct the Base Building of Building 4 in accordance therewith, and Sections 1.1 through 1.3 of the Tenant Work Letter which otherwise would have addressed the development and finalization of such Final Base Building Construction Documents, shall have no application with regard to such Building 4 Expansion Space.

6. **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this First Amendment except The Staubach Company and Colliers International (the “**Brokers**”), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this First Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party’s dealings with any real estate broker or agent other than the Brokers. The terms of this Section 6 shall survive the expiration or earlier termination of this First Amendment.

7. **Deletions**. Landlord and Tenant hereby acknowledge and agree that, as of the date of this First Amendment, Section 1.5 (Right of First Offer), Section 1.6 (Right of First Refusal), Section 2.2.3.1.2 (First Offer Space), and Section 2.2.3.1.3 (First Refusal Space) of the Lease, and Section 1.8 (Tenant Election to Delay Construction of Building 4) of the Tenant Work Letter , are each deleted in their entirety and shall be null and void and of no further force or effect.

8. **No Further Modification**. Except as specifically set forth in this First Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall prevail.

[*signature page immediately follows*]

IN WITNESS WHEREOF, Landlord and Tenant have caused this First Amendment to be executed on the day and date first above written.

“**LANDLORD**”:

KILROY REALTY, L.P.,
a Delaware limited partnership

By: Kilroy Realty Corporation,
a Maryland corporation,
General Partner

By: /s/ Jeffrey C. Hawken
Jeffrey C. Hawken

Its: Executive Vice President
Chief Operating Officer

By: /s/ Nadine K. Kirk
Nadine K. Kirk

Its: Vice President
Legal Administration

“**TENANT**”:

INTUIT INC.,
a Delaware corporation

By: /s/ Kiran Patel
Kiran Patel

Its: Senior Vice President, CFO
Intuit Inc.

By: /s/ Scott Beth
Scott Beth

Its: VP, Procurement

EXHIBIT A

B4 COMMENCEMENT DATE MEMORANDUM

To: ____
____
____
____

Re: Office Lease dated __________, 200__ between ____________, a __________ ("Landlord"), and ____________, a ____________ ("Tenant") concerning Suite _____ on floor(s) _______ of the office building located at _______________, __________, California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The "B4 Commencement Date," as that term is defined in Section 1.4.4 of the Lease, shall occur on or has occurred on __________.

2. If the B4 Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

3. Your rent checks should be made payable to ____________ at ____________.

4. The exact number of rentable square feet within the Building 4 Expansion Space is __________ square feet.

5. Tenant's Share as adjusted based upon the exact number of rentable square feet within the Premises is 100%.

"Landlord":

______________________________________,
a ____________________________________

By: ____________________________________

Its: ________________________________

Agreed to and Accepted
as of ____________, 200__.

"Tenant":

____
a ______________________

By: ____

Its: ____

EXHIBIT B

SANTA FE SUMMIT

B4 COMMENCEMENT DATE AND BASE RENT MEMORANDUM

To: ____
____
____
____

Re: Office Lease dated __________, 200__ between ____________, a __________ (“Landlord”), and ____________, a ____________ (“Tenant”) concerning Suite _____ on floor(s) _______ of the office building located at _______________, __________, California.

Gentlemen:

In accordance with the Office Lease (the “Lease”), we wish to advise you and/or confirm as follows:

1. **B4 Project Costs**. The “B4 Project Costs,” as that term is defined in Section 1.4.2.2 of the Lease, have been determined by Landlord to equal $____________.

2. **Ten (10) Year Treasury Interest Rate**. 8.31%

3. **Base Rent**. Based on the Project Costs set forth in paragraph 2, above, the annual Base Rent for the Building 4 Expansion Space shall be as follows.

Period During B4 Expansion Term	Annual Base Rent	Monthly Installment of Base Rent
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$

	$	$
	$	$
	$	$
	$	$

4. **TIA Increase**. Tenant elected to receive a "TIA Increase," as that term is defined in Section 2.3 of the Tenant Work Letter, in an amount equal to $____________. Accordingly, the monthly amortization payment of such TIA Increase shall be equal to $____________.

"Landlord":

______________________________________,
a ______________________________________

By: ______________________________________

Its: ______________________________________

Agreed to and Accepted
as of ______________, 200___.

"Tenant":

____

a __________________________

By: ______________________________________

Its: ______________________________________

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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2006

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 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kiran M. Patel, 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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2006

By: /s/ KIRAN M. PATEL

Kiran M. Patel
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Intuit Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2006 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 9, 2006

EXHIBIT 32.02

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Intuit Inc. (the “Company”) on Form 10-Q for the quarter ended April 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Kiran M. Patel, 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/ KIRAN M. PATEL
Kiran M. Patel
Senior Vice President and Chief Financial Officer

Date: June 9, 2006