# 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, 2008**

**OR**

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

**For the transition period from __________ to __________.**

**Commission File Number 0-21180**

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

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

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 321,007,630 shares of Common Stock, $0.01 par value, were outstanding at May 23, 2008.

**INTUIT INC.**
**FORM 10-Q**
**INDEX**

Table of Contents

**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, 2008 | Three Months Ended April 30, 2007 | Nine Months Ended April 30, 2008 | Nine Months Ended April 30, 2007 |
|---|---|---|---|---|
| Net revenue: | | | | |
| Product | $ 517,670 | $ 484,052 | $ 1,277,080 | $ 1,240,232 |
| Service and other | 795,338 | 655,093 | 1,315,740 | 1,000,043 |
| Total net revenue | 1,313,008 | 1,139,145 | 2,592,820 | 2,240,275 |
| Costs and expenses: | | | | |
| Cost of revenue: | | | | |
| Cost of product revenue | 34,637 | 40,605 | 125,264 | 142,075 |
| Cost of service and other revenue | 105,311 | 90,377 | 305,603 | 218,568 |
| Amortization of purchased intangible assets | 14,075 | 13,538 | 40,188 | 17,871 |
| Selling and marketing | 246,095 | 214,655 | 679,459 | 587,703 |
| Research and development | 149,985 | 116,200 | 449,088 | 346,614 |
| General and administrative | 79,150 | 76,995 | 222,937 | 221,224 |
| Acquisition-related charges | 9,254 | 8,695 | 25,349 | 11,942 |
| Total costs and expenses | 638,507 | 561,065 | 1,847,888 | 1,545,997 |
| Operating income from continuing operations | 674,501 | 578,080 | 744,932 | 694,278 |
| Interest expense | (12,830) | (12,823) | (40,389) | (12,823) |
| Interest and other income | 10,361 | 10,552 | 32,477 | 31,867 |
| Gains on marketable equity securities and other investments, net | 477 | 347 | 1,190 | 1,568 |
| Gain on sale of outsourced payroll assets | 13,616 | 406 | 51,571 | 406 |
| Income from continuing operations before income taxes | 686,125 | 576,562 | 789,781 | 715,296 |
| Income tax provision | 241,612 | 208,344 | 275,839 | 258,148 |
| Minority interest expense, net of tax | 334 | 271 | 1,332 | 821 |
| Net income from continuing operations | 444,179 | 367,947 | 512,610 | 456,327 |
| Net income (loss) from discontinued operations | — | (736) | 26,012 | (2,684) |
| Net income | $ 444,179 | $ 367,211 | $ 538,622 | $ 453,643 |
| | | | | |
| Basic net income per share from continuing operations | $ 1.37 | $ 1.08 | $ 1.55 | $ 1.33 |
| Basic net income (loss) per share from discontinued operations | — | — | 0.08 | (0.01) |
| Basic net income per share | $ 1.37 | $ 1.08 | $ 1.63 | $ 1.32 |
| Shares used in basic per share calculations | 323,408 | 339,495 | 330,862 | 344,351 |
| | | | | |
| Diluted net income per share from continuing operations | $ 1.33 | $ 1.04 | $ 1.50 | $ 1.28 |
| Diluted net income (loss) per share from discontinued operations | — | — | 0.08 | (0.01) |
| Diluted net income per share | $ 1.33 | $ 1.04 | $ 1.58 | $ 1.27 |
| Shares used in diluted per share calculations | 333,436 | 351,686 | 341,869 | 357,767 |

See accompanying notes.

**INTUIT INC.**
CONDENSED CONSOLIDATED BALANCE SHEETS

| *(In thousands; unaudited)* | April 30, 2008 | July 31, 2007 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 471,504 | $ 255,201 |
| Investments | 425,396 | 1,048,470 |
| Accounts receivable, net | 225,047 | 131,691 |
| Income taxes receivable | 457 | 54,178 |
| Deferred income taxes | 86,786 | 84,682 |
| Prepaid expenses and other current assets | 61,301 | 54,854 |
| Current assets of discontinued operations | — | 8,515 |
| Current assets before funds held for customers | 1,270,491 | 1,637,591 |
| Funds held for customers | 358,001 | 314,341 |
| Total current assets | 1,628,492 | 1,951,932 |
| Long-term investments | 295,459 | — |
| Property and equipment, net | 469,675 | 298,396 |
| Goodwill | 1,698,436 | 1,517,036 |
| Purchased intangible assets, net | 290,125 | 292,884 |
| Long-term deferred income taxes | 95,319 | 72,066 |
| Loans to officers | 8,225 | 8,865 |
| Other assets | 62,702 | 58,636 |
| Long-term assets of discontinued operations | — | 52,211 |
| Total assets | $ 4,548,433 | $ 4,252,026 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 156,531 | $ 119,799 |
| Accrued compensation and related liabilities | 179,423 | 192,286 |
| Deferred revenue | 280,244 | 313,753 |
| Income taxes payable | 214,523 | 33,278 |
| Other current liabilities | 200,873 | 171,650 |
| Current liabilities of discontinued operations | — | 15,002 |
| Current liabilities before customer fund deposits | 1,031,594 | 845,768 |
| Customer fund deposits | 358,001 | 314,341 |
| Total current liabilities | 1,389,595 | 1,160,109 |
| Long-term debt | 997,951 | 997,819 |
| Other long-term obligations | 104,283 | 57,756 |
| Total liabilities | 2,491,829 | 2,215,684 |
| Commitments and contingencies | | |
| Minority interest | 6,180 | 1,329 |
| Stockholders' equity: | | |
| Preferred stock | — | — |
| Common stock and additional paid-in capital | 2,371,910 | 2,251,146 |
| Treasury stock, at cost | (2,838,985) | (2,207,114) |
| Accumulated other comprehensive income | 8,138 | 6,096 |
| Retained earnings | 2,509,361 | 1,984,885 |
| Total stockholders' equity | 2,050,424 | 2,035,013 |
| Total liabilities and stockholders' equity | $ 4,548,433 | $ 4,252,026 |

See accompanying notes.

Table of Contents

**INTUIT INC.**

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| (Dollars in thousands; unaudited) | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance at July 31, 2007** | **339,157,302** | **$ 3,391** | **$ 2,247,755** | **$ (2,207,114)** | **$ 6,096** | **$ 1,984,885** | **$ 2,035,013** |
| Components of comprehensive income: | | | | | | | |
| Net income | — | — | — | — | — | 538,622 | 538,622 |
| Other comprehensive income, net of tax | — | — | — | — | 2,042 | — | 2,042 |
| Comprehensive net income | | | | | | | 540,664 |
| Issuance of common stock under employee stock plans | 7,741,562 | 77 | — | 162,226 | — | (8,513) | 153,790 |
| Restricted stock units released, net of taxes | 290,417 | 3 | (6,844) | 5,630 | — | (5,633) | (6,844) |
| Issuance of restricted stock units pursuant to Management Stock Purchase Plan | — | — | 2,284 | — | — | — | 2,284 |
| Assumed vested stock options from purchase acquisitions | — | — | 11,096 | — | — | — | 11,096 |
| Stock repurchases under stock repurchase programs | (27,171,082) | (271) | — | (799,727) | — | — | (799,998) |
| Tax benefit from employee stock option transactions | — | — | 28,091 | — | — | — | 28,091 |
| Share-based compensation (1) | — | — | 86,328 | — | — | — | 86,328 |
| **Balance at April 30, 2008** | **320,018,199** | **$ 3,200** | **$ 2,368,710** | **$ (2,838,985)** | **$ 8,138** | **$ 2,509,361** | **$ 2,050,424** |

| (Dollars in thousands; unaudited) | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Income | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance at July 31, 2006** | **344,170,779** | **$ 3,442** | **$ 2,089,472** | **$ (1,944,036)** | **$ 1,084** | **$ 1,588,124** | **$ 1,738,086** |
| Components of comprehensive income: | | | | | | | |
| Net income | — | — | — | — | — | 453,643 | 453,643 |
| Other comprehensive income, net of tax | — | — | — | — | 2,774 | — | 2,774 |
| Comprehensive net income | | | | | | | 456,417 |
| Issuance of common stock under employee stock plans | 7,839,107 | 78 | 10,202 | 162,759 | — | (22,111) | 150,928 |
| Restricted stock units released, net of taxes | 1,927 | — | — | 42 | — | (42) | — |
| Assumed vested stock options from purchase acquisitions | — | — | 13,898 | — | — | — | 13,898 |
| Stock repurchases under stock repurchase programs | (17,083,600) | (171) | — | (506,422) | — | — | (506,593) |
| Repurchase of vested restricted stock | (5,362) | — | — | (158) | — | — | (158) |
| Tax benefit from employee stock option transactions | — | — | 32,109 | — | — | — | 32,109 |
| Share-based compensation (2) | — | — | 58,756 | — | — | — | 58,756 |
| Other | — | — | (121) | — | — | — | (121) |
| **Balance at April 30, 2007** | **334,922,851** | **$ 3,349** | **$ 2,204,316** | **$ (2,287,815)** | **$ 3,858** | **$ 2,019,614** | **$ 1,943,322** |

(1) Includes $86,282 for continuing operations and $46 for Intuit Distribution Management Solutions discontinued operations.

(2) Includes $57,985 for continuing operations and $771 for Intuit Distribution Management Solutions discontinued operations.

See accompanying notes.

**INTUIT INC.**
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| *(In thousands; unaudited)* | Three Months Ended April 30, 2008 | Three Months Ended April 30, 2007 | Nine Months Ended April 30, 2008 | Nine Months Ended April 30, 2007 |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Net income (1) | $ 444,179 | $ 367,211 | $ 538,622 | $ 453,643 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 31,420 | 25,230 | 85,542 | 68,566 |
| Acquisition-related charges | 9,254 | 9,660 | 25,349 | 14,836 |
| Amortization of purchased intangible assets | 14,075 | 13,817 | 40,188 | 18,708 |
| Amortization of purchased intangible assets to cost of service and other revenue | 2,189 | 1,449 | 6,089 | 6,754 |
| Share-based compensation | 30,093 | 20,585 | 86,328 | 58,756 |
| Amortization of premiums and discounts on available-for-sale debt securities | 946 | 939 | 2,556 | 2,900 |
| Net gains on marketable equity securities and other investments | (477) | (347) | (1,190) | (1,568) |
| Gain on sale of outsourced payroll assets | (13,616) | (406) | (51,571) | (406) |
| Gain on sale of IDMS (1) | — | — | (45,667) | — |
| Deferred income taxes | 4,582 | (2,376) | 19,142 | (11,775) |
| Tax benefit from share-based compensation plans | 3,059 | 2,679 | 28,091 | 32,109 |
| Excess tax benefit from share-based compensation plans | (2,024) | (1,511) | (17,785) | (18,231) |
| Other | 4,959 | 1,565 | 6,998 | 2,308 |
| Subtotal | 528,639 | 438,495 | 722,692 | 626,600 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 150,540 | 155,895 | (86,398) | (56,989) |
| Prepaid expenses, taxes and other assets | 19,470 | 35,956 | 40,563 | 44,683 |
| Accounts payable | 333 | (23,509) | 10,708 | 25,461 |
| Accrued compensation and related liabilities | 28,231 | (6,310) | (21,574) | (40,036) |
| Deferred revenue | (56,746) | (56,159) | (32,946) | (53,886) |
| Income taxes payable | 196,883 | 155,045 | 182,545 | 157,747 |
| Other liabilities | (35,401) | 8,821 | 53,903 | 111,085 |
| Total changes in operating assets and liabilities | 303,310 | 269,739 | 146,801 | 188,065 |
| **Net cash provided by operating activities (1)** | **831,949** | **708,234** | **869,493** | **814,665** |
| **Cash flows from investing activities:** | | | | |
| Purchases of available-for-sale debt securities | (290,300) | (1,097,727) | (738,991) | (1,978,305) |
| Liquidation of available-for-sale debt securities | 151,142 | 454,408 | 868,759 | 1,440,155 |
| Maturity of available-for-sale debt securities | 26,760 | 391,148 | 201,095 | 452,762 |
| Proceeds from the sale of marketable equity securities | — | — | — | 858 |
| Net change in funds held for customers' money market funds and other cash equivalents | 181,124 | 152,688 | (37,715) | 98,213 |
| Purchases of property and equipment | (95,335) | (36,402) | (217,254) | (89,308) |
| Change in other assets | 4,384 | (1,556) | (2,086) | (8,238) |
| Net change in customer fund deposits | (181,124) | (152,688) | 37,715 | (98,213) |
| Acquisitions of businesses and intangible assets, net of cash acquired | (128,768) | (1,207,283) | (262,839) | (1,269,276) |
| Cash received from acquirer of outsourced payroll assets | 7,576 | 44,312 | 34,879 | 44,312 |
| Cash received from acquirer of IDMS (1) | — | — | 97,147 | — |
| **Net cash used in investing activities of continuing operations** | **(324,541)** | **(1,453,100)** | **(19,290)** | **(1,407,040)** |
| Net cash provided by investing activities of discontinued operations | — | — | — | 20,989 |
| **Net cash used in investing activities** | **(324,541)** | **(1,453,100)** | **(19,290)** | **(1,386,051)** |
| **Cash flows from financing activities:** | | | | |
| Proceeds from bridge credit facility | — | 1,000,000 | — | 1,000,000 |
| Retirement of bridge credit facility | — | (1,000,000) | — | (1,000,000) |
| Issuance of long-term debt, net of discounts | — | 997,755 | — | 997,755 |
| Net proceeds from issuance of common stock under stock plans | 31,602 | 26,731 | 146,946 | 150,928 |
| Purchase of treasury stock | (300,000) | (301,378) | (799,998) | (506,751) |
| Excess tax benefit from share-based compensation plans | 2,024 | 1,511 | 17,785 | 18,231 |
| Issuance of restricted stock units pursuant to Management Stock Purchase Plan | — | — | 2,284 | — |
| Debt issuance costs and other | 523 | (6,307) | (3,072) | (7,622) |
| **Net cash provided by (used in) financing activities** | **(265,851)** | **718,312** | **(636,055)** | **652,541** |
| Effect of exchange rates on cash and cash equivalents | (201) | 4,799 | 2,155 | 3,817 |
| **Net increase (decrease) in cash and cash equivalents** | **241,356** | **(21,755)** | **216,303** | **84,972** |
| Cash and cash equivalents at beginning of period | 230,148 | 286,328 | 255,201 | 179,601 |
| **Cash and cash equivalents at end of period** | **$ 471,504** | **$ 264,573** | **$ 471,504** | **$ 264,573** |

(1) Because the operating cash flows of our Intuit Distribution Management Solutions (IDMS) discontinued operations were not material for any period presented, we have not segregated them from continuing operations on these statements of cash flows. We have presented the effect of the gain on disposal of IDMS on the statement of cash flows for the nine months ended April 30, 2008. See Note 5 to the financial statements.

See accompanying notes.

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

**1. Description of Business and Summary of Significant Accounting Policies**

*Description of Business*

Intuit Inc. provides business and financial management solutions for small and medium sized businesses, financial institutions, consumers, and accounting professionals. Our flagship products and services, including QuickBooks, Quicken and TurboTax software, simplify small business management and payroll processing, personal finance, and tax preparation and filing. Lacerte and ProSeries are Intuit's tax preparation software suites for professional accountants. Our financial institutions division, anchored by Digital Insight Corporation, provides on-demand banking services to help banks and credit unions serve businesses and consumers. Founded in 1983 and headquartered in Mountain View, California, we sell our products and services primarily in the United States.

*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. In February 2007 we acquired Digital Insight Corporation for a total purchase price of approximately $1.34 billion. In December 2007 we acquired Homestead Technologies Inc. for total consideration of approximately $170 million and in February 2008 we acquired Electronic Clearing House, Inc. for a total purchase price of approximately $131 million. Accordingly, we have included the results of operations for these three companies in our consolidated results of operations from the respective dates of acquisition. See Note 4. The condensed consolidated financial statements also include the financial position, results of operations and cash flows of Superior Bankcard Services, LLC (SBS), an entity that acquires merchant accounts for our Innovative Merchant Solutions business. We are allocated 51% of the earnings and losses of this entity and 100% of the losses in excess of the minority interest capital balances. We therefore eliminate the portion of the SBS financial results that pertain to the minority interests on a separate line in our statements of operations and on our balance sheets.

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

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 included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2007. Results for the three and nine months ended April 30, 2008 do not necessarily indicate the results we expect for the fiscal year ending July 31, 2008 or any other future period.

*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 at its peak around calendar year end, although the timing of new product releases or changes in our offerings can materially shift revenue between quarters. 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.

*Computation of Net Income (Loss) Per Share*

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

Table of Contents

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

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

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| *(In thousands, except per share amounts)* | April 30, 2008 | April 30, 2007 | April 30, 2008 | April 30, 2007 |
| **Numerator:** | | | | |
| Net income from continuing operations | $ 444,179 | $ 367,947 | $ 512,610 | $ 456,327 |
| Net income (loss) from discontinued operations | — | (736) | 26,012 | (2,684) |
| Net income | $ 444,179 | $ 367,211 | $ 538,622 | $ 453,643 |
| **Denominator:** | | | | |
| Shares used in basic per share amounts: | | | | |
| Weighted average common shares outstanding | 323,408 | 339,495 | 330,862 | 344,351 |
| Shares used in diluted per share amounts: | | | | |
| Weighted average common shares outstanding | 323,408 | 339,495 | 330,862 | 344,351 |
| Dilutive common equivalent shares from stock options and restricted stock awards | 10,028 | 12,191 | 11,007 | 13,416 |
| Dilutive weighted average common shares outstanding | 333,436 | 351,686 | 341,869 | 357,767 |
| **Basic and diluted net income per share:** | | | | |
| Basic net income per share from continuing operations | $ 1.37 | $ 1.08 | $ 1.55 | $ 1.33 |
| Basic net income (loss) per share from discontinued operations | — | — | 0.08 | (0.01) |
| Basic net income per share | $ 1.37 | $ 1.08 | $ 1.63 | $ 1.32 |
| Diluted net income per share from continuing operations | $ 1.33 | $ 1.04 | $ 1.50 | $ 1.28 |
| Diluted net income (loss) per share from discontinued operations | — | — | 0.08 | (0.01) |
| Diluted net income per share | $ 1.33 | $ 1.04 | $ 1.58 | $ 1.27 |
| **Weighted average stock options and restricted stock awards excluded from calculation due to anti-dilutive effect:** | | | | |
| Stock options with combined exercise prices and unrecognized compensation expense that were greater than the average market price for the common stock during the period | 18,593 | 12,087 | 18,624 | 10,023 |

*Significant Customers*

No customer accounted for 10% or more of total net revenue in the three or nine months ended April 30, 2008 or 2007. No customer accounted for 10% or more of total accounts receivable at April 30, 2008 or July 31, 2007.

*Recent Accounting Pronouncements*

SFAS 157, *"Fair Value Measurements"*

In September 2006 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *"Fair Value Measurements."* SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. The standard also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require or permit assets or liabilities to be measured at fair value. This standard does not expand the use of fair value in any new circumstances. SFAS 157 is effective for fiscal years beginning after November 15, 2007, which means that it will be effective for our fiscal year beginning August 1, 2008. In February 2008 the FASB issued a Staff Position that partially defers the effective date of SFAS 157 for one year for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 157 will have on our financial position, results of operations or cash flows.

SFAS 159, *"The Fair Value Option for Financial Assets and Financial Liabilities"*

In February 2007 the FASB issued SFAS 159, *"The Fair Value Option for Financial Assets and Financial Liabilities."* SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value. The standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The standard requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. It also requires companies to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. The new standard does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS 157, *"Fair Value Measurements,"* and SFAS 107, *"Disclosures about Fair Value of Financial Instruments."* SFAS 159 is effective for fiscal years beginning after November 15, 2007, which means that it will be effective for our fiscal year beginning August 1, 2008. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 159 will have on our financial position, results of operations or cash flows.

SFAS 141 (revised 2007), *"Business Combinations"*

In December 2007 the FASB issued SFAS 141 (revised 2007), "*Business Combinations."* SFAS 141R will significantly change the accounting for business combinations in a number of areas, including the measurement of assets and liabilities acquired and the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development and restructuring costs. In addition, under SFAS 141R, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will affect the income tax provision. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning after December 15, 2008, which means that it will be effective for our fiscal year beginning August 1, 2009. Early adoption is prohibited. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 141R will have on our financial position, results of operations or cash flows.

SFAS 160, *"Noncontrolling Interests in Consolidated Financial Statements"*

In December 2007 the FASB issued SFAS 160, "*Noncontrolling Interests in Consolidated Financial Statements,*" which establishes accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for business arrangements entered into in fiscal years beginning on or after December 15, 2008, which means that it will be effective for our fiscal year beginning August 1, 2009. Early adoption is prohibited. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 160 will have on our financial position, results of operations or cash flows.

**2. Cash and Cash Equivalents, Investments and Funds Held for Customers**

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist primarily of AAA-rated money market funds in all periods presented. Investments consist of available-for-sale investment-grade debt securities that we carry at fair value. Funds held for customers consist of cash and AAA-rated money market funds. Except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer.

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

| | April 30, 2008 | | July 31, 2007 | |
|---|---|---|---|---|
| *(In thousands)* | Cost | Fair Value | Cost | Fair Value |
| **Classification on balance sheets:** | | | | |
| Cash and cash equivalents | $ 471,504 | $ 471,504 | $ 255,201 | $ 255,201 |
| Investments | 423,535 | 425,396 | 1,048,643 | 1,048,470 |
| Funds held for customers | 358,001 | 358,001 | 314,341 | 314,341 |
| Long-term investments | 295,459 | 295,459 | — | — |
| Total cash and cash equivalents, investments and funds held for customers | $ 1,548,499 | $ 1,550,360 | $ 1,618,185 | $ 1,618,012 |

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

| | April 30, 2008 | | July 31, 2007 | |
|---|---|---|---|---|
| *(In thousands)* | Cost | Fair Value | Cost | Fair Value |
| **Type of issue:** | | | | |
| Total cash and cash equivalents | $ 829,505 | $ 829,505 | $ 569,542 | $ 569,542 |
| Available-for-sale debt securities: | | | | |
| Municipal bonds | 413,536 | 415,392 | 442,269 | 442,095 |
| Municipal auction rate securities | 292,050 | 292,050 | 601,524 | 601,525 |
| U.S. agency securities | 9,999 | 10,004 | — | — |
| Asset-backed securities | — | — | 4,850 | 4,850 |
| Other long-term investments | 3,409 | 3,409 | — | — |
| Total available-for-sale debt securities | 718,994 | 720,855 | 1,048,643 | 1,048,470 |
| Total cash and cash equivalents, investments and funds held for customers | $ 1,548,499 | $ 1,550,360 | $ 1,618,185 | $ 1,618,012 |

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income in the stockholders' equity section of our balance sheets. Gross unrealized gains and losses on our available-for-sale debt securities at April 30, 2008 and July 31, 2007 were not significant.

We include realized gains and losses on our available-for-sale debt securities in interest and other income in our statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the three and nine months ended April 30, 2008 and 2007 were not significant.

At February 1, 2008, we had approximately $328 million invested in AAA-rated municipal auction rate securities that we classified as short-term investments. Auction rate securities are collateralized long-term debt instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined intervals, typically every 35 days. The underlying assets of the municipal auction rate securities we hold are generally student loans which are guaranteed by the U.S. Department of Education. We sold approximately $36 million of these securities through the normal auction process in early February 2008. Beginning in February 2008, a decrease in liquidity in the global credit markets caused auctions to fail for substantially all of the remaining municipal auction rate securities we held. When these auctions failed to clear, higher interest rates for many of those securities went into effect. However, the principal amounts of those securities will not be accessible until a successful auction occurs, a buyer is found outside of the auction process, the issuer calls the security, the issuer repays principal over time from cash flows prior to final maturity, or the security matures according to contractual terms ranging from one to 39 years. At April 30, 2008, substantially all our auction rate securities were rated AAA/Aaa by the major credit rating agencies. We continue to believe that the credit quality of our auction rate securities is high and we expect that we will receive the principal amounts of these securities through one of the means described above.

We estimated the fair values of the municipal auction rate securities we held at April 30, 2008 based on valuation reports from third parties and a discounted cash flow model that we prepared. Key inputs to our discounted cash flow model included the current contractual interest rates; forward projections of the current contractual interest rates; the likely timing of principal repayments; the probability of full repayment considering guarantees by the U.S. Department of Education of the underlying student loans or insurance by other third parties; publicly available pricing data for recently issued student loan backed securities that are not subject to auctions; and the impact of the current reduced liquidity for auction rate securities. Using the valuation reports from third parties and our discounted cash flow model we determined that the fair values of the municipal auction rate securities we held at April 30, 2008 were not significantly impaired, and as a result we recorded no decrease in the fair values of those securities for the three or nine months then ended.

While the recent auction failures will limit our ability to liquidate these securities for some period of time, based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of our municipal auction rate securities will have a material impact on our overall ability to meet our liquidity needs. We have the ability and intent to hold these securities until liquidity returns to the market, other secondary markets develop, or the securities mature. However, as it is not certain when liquidity will return to the market or when other secondary markets will develop, we reclassified our investments in auction rate securities totaling $292 million from short-term investments to long-term investments on our balance sheet at April 30, 2008.

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

| | April 30, 2008 | | July 31, 2007 | |
|---|---|---|---|---|
| *(In thousands)* | **Cost** | **Fair Value** | **Cost** | **Fair Value** |
| Due within one year | $ 92,123 | $ 92,444 | $ 159,564 | $ 159,488 |
| Due within two years | 139,649 | 140,713 | 25,856 | 25,808 |
| Due within three years | — | — | 14,700 | 14,700 |
| Due after three years | 487,222 | 487,698 | 848,523 | 848,474 |
| Total available-for-sale debt securities | $ 718,994 | $ 720,855 | $ 1,048,643 | $ 1,048,470 |

### 3. Comprehensive Net Income

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

The components of accumulated other comprehensive income, net of income taxes, were as follows for the periods indicated:

| (In thousands) | Unrealized Gain (Loss) on Investments | Realized Gain on Derivative Instruments | Foreign Currency Translation | Total |
|---|---|---|---|---|
| **Balance at July 31, 2007** | $ (105) | $ 433 | $ 5,768 | $ 6,096 |
| Unrealized gain, net of income tax provision of $951 | 1,444 | — | — | 1,444 |
| Reclassification adjustment for realized gain included in net income, net of income tax benefit of $143 | (218) | — | — | (218) |
| Amortization of realized gain on derivative instruments, net of income tax provision of $21 | — | (31) | — | (31) |
| Translation adjustment, net of income taxes of $559 | — | — | 847 | 847 |
| Other comprehensive income | 1,226 | (31) | 847 | 2,042 |
| **Balance at April 30, 2008** | $ 1,121 | $ 402 | $ 6,615 | $ 8,138 |
| **Balance at July 31, 2006** | $ (462) | $ — | $ 1,546 | $ 1,084 |
| Unrealized gain, net of income tax provision of $175 | 267 | — | — | 267 |
| Reclassification adjustment for realized loss included in net income, net of income tax provision of $7 | 11 | — | — | 11 |
| Realized gain on derivative instruments, net of income tax provision of $294 | — | 450 | — | 450 |
| Amortization of realized gain on derivative instruments, net of income tax provision of $3 | — | (5) | — | (5) |
| Translation adjustment, net of income taxes of $1,341 | — | — | 2,051 | 2,051 |
| Other comprehensive income | 278 | 445 | 2,051 | 2,774 |
| **Balance at April 30, 2007** | $ (184) | $ 445 | $ 3,597 | $ 3,858 |

Comprehensive net income was as follows for the periods indicated:

| (In thousands) | Three Months Ended April 30, 2008 | Three Months Ended April 30, 2007 | Nine Months Ended April 30, 2008 | Nine Months Ended April 30, 2007 |
|---|---|---|---|---|
| Net income | $ 444,179 | $ 367,211 | $ 538,622 | $ 453,643 |
| Other comprehensive income (loss) | (1,031) | (9,932) | 2,042 | 2,774 |
| Comprehensive net income, net of income taxes | $ 443,148 | $ 357,279 | $ 540,664 | $ 456,417 |
| Income tax provision (benefit) netted against other comprehensive income (loss) | $ (681) | $ (10,462) | $ 1,346 | $ (868) |

**4. Acquisitions**

*Electronic Clearing House, Inc.*

On February 29, 2008 we acquired all of the outstanding equity interests of Electronic Clearing House, Inc. (ECHO) for a total purchase price of approximately $131 million in cash. ECHO is a provider of electronic payment processing services to small businesses and became part of our Payroll and Payments segment. We acquired ECHO in order to expand our merchant services capabilities.

Under the purchase method of accounting we allocated the total purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We estimated the fair values with the assistance of a third party appraisal firm. The fair values assigned to identifiable intangible assets acquired were based on estimates and assumptions determined by management. We recorded the excess of purchase price over the aggregate fair values as goodwill. Using information available at the time the acquisition closed, we allocated approximately $6 million of the purchase price to tangible assets and liabilities and approximately $44 million of the purchase price to identified intangible assets. We recorded the excess purchase price of approximately $81 million as goodwill, none of which is deductible for income tax purposes. We may adjust the preliminary purchase price allocation after obtaining more information about asset valuations and liabilities assumed. The identified intangible assets are being amortized over a weighted average life of eight years.

We have included ECHO’s results of operations in our consolidated results of operations from the date of acquisition. ECHO’s results of operations for periods prior to the date of acquisition were not material when compared with our consolidated results of operations.

*Homestead Technologies Inc.*

On December 18, 2007 we acquired Homestead Technologies Inc. (Homestead), including all of its outstanding equity interests, for total consideration of approximately $170 million on a fully diluted basis. The total consideration was comprised of the purchase price of $146 million, which included the fair value of vested stock options assumed, and the $24 million fair value of unvested stock options and restricted stock units assumed. Homestead is a provider of Web site services to small businesses and became part of our QuickBooks segment. We acquired Homestead as part of our strategy to help small businesses acquire and serve customers through the Internet.

Under the purchase method of accounting we allocated the total purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. We estimated the fair values with the assistance of a third party appraisal firm. The fair values assigned to identifiable intangible assets acquired were based on estimates and assumptions determined by management. We recorded the excess of purchase price over the aggregate fair values as goodwill. Using information available at the time the acquisition closed, we allocated approximately $14 million of the purchase price to tangible assets and liabilities and approximately $22 million of the purchase price to identified intangible assets. We recorded the excess purchase price of approximately $110 million as goodwill, none of which is deductible for income tax purposes. In the third quarter of fiscal 2008 we recorded a $11.5 million increase to tangible assets and a corresponding decrease to goodwill. The increase in the tangible assets was the result of a determination made after we obtained additional information regarding the realizability of certain deferred tax assets not previously recorded. We may continue to adjust the preliminary purchase price allocation after obtaining more information about asset valuations and liabilities assumed. The identified intangible assets are being amortized over a weighted average life of five years.

We have included Homestead’s results of operations in our consolidated results of operations from the date of acquisition. Homestead’s results of operations for periods prior to the date of acquisition were not material when compared with our consolidated results of operations.

*Digital Insight Corporation*

We completed the acquisition of Digital Insight Corporation for a purchase price of approximately $1.34 billion on February 6, 2007. We have included Digital Insight’s results of operations in our consolidated results of operations from the date of acquisition. The unaudited financial information in the table below summarizes the combined results of operations of Intuit and Digital Insight on a pro forma basis, as though the companies had been combined as of the beginning of fiscal 2007. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition and the issuance of $1 billion of related senior notes had taken place at the beginning of fiscal 2007. The pro forma financial information also includes adjustments to share-based compensation expense for stock options assumed, adjustments to depreciation expense for acquired property and equipment, amortization charges for acquired intangible assets, adjustments to interest income, and related tax effects. The pro forma financial information for the nine months ended April 30, 2007 combines our historical results for that period with the historical results of Digital Insight for the nine months ended March 31, 2007. We have reclassified the figures in the table below to exclude the results of Intuit Distribution Management Solutions, which became a discontinued operation in the fourth quarter of fiscal 2007. See Note 5.

The following table summarizes the pro forma financial information:

| *(In thousands)* | Nine Months Ended April 30, 2007 As Reported | Nine Months Ended April 30, 2007 Pro Forma |
|---|---|---|
| Total net revenue | $ 2,240,275 | $ 2,365,271 |
| Net income from continuing operations | 456,327 | 427,237 |
| Net income per share from continuing operations: | | |
| Basic | $ 1.33 | $ 1.24 |
| Diluted | $ 1.28 | $ 1.19 |

**5. Dispositions and Discontinued Operations**

*Intuit Distribution Management Solutions Discontinued Operations*

In August 2007 we sold our Intuit Distribution Management Solutions (IDMS) business for approximately $100 million in cash and recorded a net gain on disposal of $27.5 million. The decision to sell IDMS was a result of management's desire to focus resources on Intuit's core products and services. IDMS was part of our Other Businesses segment.

In accordance with the provisions of SFAS 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* we determined that IDMS became a discontinued operation in the fourth quarter of fiscal 2007. We have therefore segregated the net assets and operating results of IDMS from continuing operations on our balance sheets and in our statements of operations for all periods prior to the sale. Assets held for sale at July 31, 2007 consisted primarily of goodwill and purchased intangible assets. Because IDMS operating cash flows were not material for any period presented, we have not segregated them from continuing operations on our statements of cash flows. We have presented the effect of the gain on disposal of IDMS on our statement of cash flows for the nine months ended April 30, 2008.

Revenue and net loss from IDMS discontinued operations were $1.9 million and $0.7 million for the nine months ended April 30, 2008. Revenue and net income from IDMS discontinued operations were $15.3 million and $0.4 million for the three months ended April 30, 2007. Revenue and net loss from IDMS discontinued operations were $39.5 million and $1.5 million for the nine months ended April 30, 2007.

*Sale of Outsourced Payroll Assets*

In March 2007 we sold certain assets related to our Complete Payroll and Premier Payroll Service businesses to Automatic Data Processing, Inc. (ADP) for a price of up to approximately $135 million in cash. The final purchase price was contingent upon the number of customers that transitioned to ADP pursuant to the purchase agreement over a period of approximately one year from the date of sale. In the three and nine months ended April 30, 2008 we recorded pre-tax net gains of $13.6 million and $51.6 million on our statement of operations for customers who transitioned to ADP during those periods. We received a total purchase price of $93.6 million and recorded a total pre-tax gain of $83.2 million from the inception of this transaction through its completion in the third quarter of fiscal 2008.

In accordance with the provisions of SFAS 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* we did not account for this transaction as a discontinued operation because the operations and cash flows of the assets could not be clearly distinguished, operationally or for financial reporting purposes, from the rest of our outsourced payroll business. The assets were part of our Payroll and Payments segment.

**6. Industry Segment and Geographic Information**

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

QuickBooks product revenue is derived primarily from QuickBooks desktop software products and financial supplies such as paper checks, envelopes and invoices. QuickBooks service and other revenue is derived primarily from QuickBooks Online Edition, QuickBooks support plans and royalties from small business online services.

Payroll and Payments product revenue is derived primarily from QuickBooks Payroll, a family of products sold on a subscription basis offering payroll tax tables, forms and electronic tax payment and filing to small businesses that prepare their own payrolls. Payroll and Payments service and other revenue is derived from small business payroll services as well as from merchant services such as credit and debit card processing. Service and other 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 small business desktop tax return preparation software. Consumer Tax service and other revenue is derived primarily from TurboTax Online tax return preparation services and electronic filing services.

Professional Tax product revenue is derived primarily from Lacerte and ProSeries professional tax preparation software products. Professional Tax service and other revenue is derived primarily from electronic filing services, bank product transmission services and training services.

Financial Institutions service and other revenue is derived primarily from online banking software that is hosted in our data centers and delivered as on-demand service offerings to banks and credit unions by our Digital Insight business.

Other Businesses consist primarily of Quicken, Intuit Real Estate Solutions (IRES), and our business in Canada. Quicken product revenue is derived primarily from Quicken desktop software products. Quicken service and 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. Service and other revenue in our IRES business consists primarily of revenue from property management software solutions. In Canada, product revenue is derived primarily from localized versions of QuickBooks and Quicken as well as consumer desktop tax return preparation software and professional tax preparation products. Service and other revenue in Canada consists primarily of revenue from payroll services and QuickBooks support plans.

Our QuickBooks, Payroll and Payments, Consumer Tax, Professional Tax and Financial Institutions 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 5% or less of consolidated total net revenue for all periods presented.

We include costs such as corporate selling and marketing, product development, and general and administrative expenses and share-based compensation expenses that are not allocated to specific segments in 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 expense, 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 to the financial statements in our Annual Report on Form 10-K for the fiscal year ended July 31, 2007. 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.

Table of Contents

The following tables show our financial results by reportable segment for the three and nine months ended April 30, 2008 and 2007.

| *(In thousands)* | QuickBooks | Payroll and Payments | Consumer Tax | Professional Tax | Financial Institutions | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended April 30, 2008** | | | | | | | | |
| Product revenue | $ 128,107 | $ 55,075 | $ 123,545 | $ 146,340 | $ 260 | $ 64,343 | $ — | $ 517,670 |
| Service and other revenue | 36,977 | 87,068 | 533,306 | 19,524 | 76,071 | 42,392 | — | 795,338 |
| Total net revenue | 165,084 | 142,143 | 656,851 | 165,864 | 76,331 | 106,735 | — | 1,313,008 |
| Segment operating income | 44,127 | 50,216 | 545,148 | 135,236 | 16,270 | 45,115 | — | 836,112 |
| Common expenses | — | — | — | — | — | — | (138,282) | (138,282) |
| Subtotal | 44,127 | 50,216 | 545,148 | 135,236 | 16,270 | 45,115 | (138,282) | 697,830 |
| Amortization of purchased intangible assets | — | — | — | — | — | — | (14,075) | (14,075) |
| Acquisition-related charges | — | — | — | — | — | — | (9,254) | (9,254) |
| Interest expense | — | — | — | — | — | — | (12,830) | (12,830) |
| Interest and other income | — | — | — | — | — | — | 10,361 | 10,361 |
| Gain on marketable equity securities and other investments, net | — | — | — | — | — | — | 477 | 477 |
| Gain on sale of outsourced payroll assets | — | — | — | — | — | — | 13,616 | 13,616 |
| Income (loss) from continuing operations before income taxes | $ 44,127 | $ 50,216 | $ 545,148 | $ 135,236 | $ 16,270 | $ 45,115 | $ (149,987) | $ 686,125 |

| *(In thousands)* | QuickBooks | Payroll and Payments | Consumer Tax | Professional Tax | Financial Institutions | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended April 30, 2007** | | | | | | | | |
| Product revenue | $ 132,590 | $ 52,782 | $ 126,158 | $ 116,311 | $ 19 | $ 56,192 | $ — | $ 484,052 |
| Service and other revenue | 24,261 | 71,707 | 438,978 | 22,188 | 65,028 | 32,931 | — | 655,093 |
| Total net revenue | 156,851 | 124,489 | 565,136 | 138,499 | 65,047 | 89,123 | — | 1,139,145 |
| Segment operating income | 50,597 | 51,291 | 460,254 | 110,704 | 14,426 | 38,419 | — | 725,691 |
| Common expenses | — | — | — | — | — | — | (125,378) | (125,378) |
| Subtotal | 50,597 | 51,291 | 460,254 | 110,704 | 14,426 | 38,419 | (125,378) | 600,313 |
| Amortization of purchased intangible assets | — | — | — | — | — | — | (13,538) | (13,538) |
| Acquisition-related charges | — | — | — | — | — | — | (8,695) | (8,695) |
| Interest expense | — | — | — | — | — | — | (12,823) | (12,823) |
| Interest and other income | — | — | — | — | — | — | 10,552 | 10,552 |
| Gain on marketable equity securities and other investments, net | — | — | — | — | — | — | 347 | 347 |
| Gain on sale of outsourced payroll assets | — | — | — | — | — | — | 406 | 406 |
| Income (loss) from continuing operations before income taxes | $ 50,597 | $ 51,291 | $ 460,254 | $ 110,704 | $ 14,426 | $ 38,419 | $ (149,129) | $ 576,562 |

| (In thousands) | QuickBooks | Payroll and Payments | Consumer Tax | Professional Tax | Financial Institutions | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Nine Months Ended April 30, 2008** | | | | | | | | |
| Product revenue | $ 392,919 | $ 162,479 | $ 307,517 | $ 258,874 | $ 524 | $ 154,767 | $ — | $ 1,277,080 |
| Service and other revenue | 94,511 | 248,955 | 610,935 | 23,382 | 220,280 | 117,677 | — | 1,315,740 |
| Total net revenue | 487,430 | 411,434 | 918,452 | 282,256 | 220,804 | 272,444 | — | 2,592,820 |
| Segment operating income | 136,507 | 164,080 | 627,945 | 175,593 | 41,290 | 87,546 | — | 1,232,961 |
| Common expenses | — | — | — | — | — | — | (422,492) | (422,492) |
| Subtotal | 136,507 | 164,080 | 627,945 | 175,593 | 41,290 | 87,546 | (422,492) | 810,469 |
| Amortization of purchased intangible assets | — | — | — | — | — | — | (40,188) | (40,188) |
| Acquisition-related charges | — | — | — | — | — | — | (25,349) | (25,349) |
| Interest expense | — | — | — | — | — | — | (40,389) | (40,389) |
| Interest and other income | — | — | — | — | — | — | 32,477 | 32,477 |
| Gain on marketable equity securities and other investments, net | — | — | — | — | — | — | 1,190 | 1,190 |
| Gain on sale of outsourced payroll assets | — | — | — | — | — | — | 51,571 | 51,571 |
| Income (loss) from continuing operations before income taxes | $ 136,507 | $ 164,080 | $ 627,945 | $ 175,593 | $ 41,290 | $ 87,546 | $ (443,180) | $ 789,781 |

| (In thousands) | QuickBooks | Payroll and Payments | Consumer Tax | Professional Tax | Financial Institutions | Other Businesses | Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Nine Months Ended April 30, 2007** | | | | | | | | |
| Product revenue | $ 393,766 | $ 154,999 | $ 295,293 | $ 250,321 | $ 65 | $ 145,788 | $ — | $ 1,240,232 |
| Service and other revenue | 64,793 | 233,178 | 504,493 | 28,575 | 76,860 | 92,144 | — | 1,000,043 |
| Total net revenue | 458,559 | 388,177 | 799,786 | 278,896 | 76,925 | 237,932 | — | 2,240,275 |
| Segment operating income | 131,661 | 159,240 | 539,101 | 169,226 | 17,777 | 81,797 | — | 1,098,802 |
| Common expenses | — | — | — | — | — | — | (374,711) | (374,711) |
| Subtotal | 131,661 | 159,240 | 539,101 | 169,226 | 17,777 | 81,797 | (374,711) | 724,091 |
| Amortization of purchased intangible assets | — | — | — | — | — | — | (17,871) | (17,871) |
| Acquisition-related charges | — | — | — | — | — | — | (11,942) | (11,942) |
| Interest expense | — | — | — | — | — | — | (12,823) | (12,823) |
| Interest and other income | — | — | — | — | — | — | 31,867 | 31,867 |
| Gain on marketable equity securities and other investments, net | — | — | — | — | — | — | 1,568 | 1,568 |
| Gain on sale of outsourced payroll assets | — | — | — | — | — | — | 406 | 406 |
| Income (loss) from continuing operations before income taxes | $ 131,661 | $ 159,240 | $ 539,101 | $ 169,226 | $ 17,777 | $ 81,797 | $ (383,506) | $ 715,296 |

## 7. Current Liabilities

*Unsecured Revolving Credit Facility*

On March 22, 2007 we entered into an agreement with certain institutional lenders for a $500 million unsecured revolving credit facility that will expire on March 22, 2012. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. The applicable interest rate will be increased by 0.05% for any period in which the total principal amount of advances and letters of credit under the credit facility exceeds $250 million. The agreement includes covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00. We were in compliance with these covenants at April 30, 2008. We may use amounts borrowed under this credit facility for general corporate purposes or for future acquisitions or expansion of our business. To date we have not borrowed under this credit facility.

*Other Current Liabilities*

Other current liabilities were as follows at the dates indicated:

| *(In thousands)* | April 30, 2008 | July 31, 2007 |
|---|---|---|
| Reserve for product returns | $ 71,095 | $ 25,833 |
| Reserve for rebates | 36,923 | 18,918 |
| Interest payable | 6,659 | 21,061 |
| Deposit received from acquirer of outsourced payroll assets | — | 30,257 |
| Executive deferred compensation plan | 40,703 | 35,898 |
| Other | 45,493 | 39,683 |
| Total other current liabilities | $ 200,873 | $ 171,650 |

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

**8. Long-Term Obligations**

*Senior Unsecured Notes*

In connection with our acquisition of Digital Insight Corporation, on March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 and $500 million of 5.75% senior unsecured notes due on March 15, 2017 (together, the Notes), for a total principal amount of $1 billion. The Notes are redeemable by Intuit at any time, subject to a make-whole premium. We paid $56.2 million in cash for interest on the Notes during the nine months ended April 30, 2008. Based on the trading prices of the Notes at April 30, 2008 and July 31, 2007 and the interest rates we could obtain for other borrowings with similar terms at those dates, the estimated fair value of the Notes at those dates was approximately $980.2 million and $963.0 million.

The following table summarizes our senior unsecured notes at the dates indicated:

| *(In thousands)* | April 30, 2008 | July 31, 2007 |
|---|---|---|
| Senior notes: | | |
| 5.40% fixed-rate notes, due 2012 | $ 500,000 | $ 500,000 |
| 5.75% fixed-rate notes, due 2017 | 500,000 | 500,000 |
| Total senior notes | 1,000,000 | 1,000,000 |
| Unamortized discount | (2,049) | (2,181) |
| Total | $ 997,951 | $ 997,819 |

*Other Long-Term Obligations*

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

| *(Dollars in thousands)* | April 30, 2008 | July 31, 2007 |
|---|---|---|
| Capital lease obligations: Monthly installments through 2011; interest rates of 4.50% to 6.75% | $ 1,768 | $ 2,377 |
| Total deferred rent | 60,346 | 49,205 |
| Long-term deferred revenue | 12,388 | 8,715 |
| Long-term income tax liabilities | 34,972 | — |
| Other | 3,654 | 4,843 |
| Total long-term obligations | 113,128 | 65,140 |
| Less current portion (included in other current liabilities) | (8,845) | (7,384) |
| Long-term obligations due after one year | $ 104,283 | $ 57,756 |

We reclassified certain income tax liabilities from current liabilities to long-term obligations as a result of our adoption of FIN 48 on August 1, 2007. See Note 9.

*Innovative Merchant Solutions Loan and Buyout Commitments*

In April 2005 our wholly owned subsidiary, Innovative Merchant Solutions (IMS), became a member of Superior Bankcard Services, LLC (SBS), a newly formed entity that acquires merchant accounts for IMS. Our consolidated financial statements include the financial position, results of operations and cash flows of SBS, after elimination of all significant intercompany balances and transactions, including amounts outstanding under the credit agreement described below. See Note 1. In connection with the formation of this entity IMS agreed to provide to SBS revolving loans in an amount of up to $40.0 million under the terms of a credit agreement. The credit agreement expires in July 2013, although certain events, such as a sale of SBS, can trigger earlier termination. Amounts outstanding under this agreement at April 30, 2008 totaled $10.1 million at interest rates of 7.0% to 9.25%. Amounts outstanding under this agreement at July 31, 2007 totaled $11.2 million at an interest rate of 9.25%. There are no scheduled repayments on the outstanding loan balance. All unpaid principal amounts and the related accrued interest are due and payable in full at the loan expiration date.

The operating agreement of SBS requires that, no later than July 2009, either IMS agree to purchase the minority members' interests in SBS at a price to be set by negotiation or arbitration, or IMS and the minority members pursue a sale of their interests in SBS to a third party.

**9. Income Taxes**

*Effective Tax Rate*

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and other taxable items. Our effective tax rate for the three months ended April 30, 2008 was approximately 35% and did not differ significantly from the federal statutory rate. State income taxes were offset primarily by the benefit we received from tax exempt interest income, the domestic production activities deduction, and federal and state research and experimental credits. Our effective tax rate for the three months ended April 30, 2007 was approximately 36%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from federal and state research and experimental credits and tax exempt interest income.

Our effective tax rate for the nine months ended April 30, 2008 was approximately 35% and did not differ significantly from the federal statutory rate. State income taxes were offset primarily by the benefit we received from tax exempt interest income, the domestic production activities deduction, and federal and state research and experimental credits. Our effective tax rate for the nine months ended April 30, 2007 was approximately 36%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from federal and state research and experimental credits and tax exempt interest income. In addition, we benefited from the retroactive extension of the federal research and experimental credit in the fiscal 2007 period.

*Adoption of FASB Interpretation No. 48*

On August 1, 2007 we adopted the provisions of FASB Interpretation (FIN) No. 48, "*Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*." FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN 48 requires that we determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is more likely than not of being sustained in the financial statements. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit in the financial statements.

As a result of the adoption of FIN 48, there was no cumulative effect of the change on our retained earnings. We increased deferred tax assets and income taxes payable by $8.4 million and reclassified $30.2 million of income taxes payable from current liabilities to long-term obligations as a result of the adoption of FIN 48.

The total amount of our unrecognized tax benefits at August 1, 2007 was $33.3 million. Net of related deferred tax assets, unrecognized tax benefits were $25.1 million at that date. If we were to recognize these net benefits, our income tax expense would reflect a favorable net impact of $11.2 million. The recognition of the balance of these net benefits would result in an increase to stockholders' equity of $6.8 million and a decrease to goodwill of $7.1 million. There were no material changes to these amounts during the three and nine months ended April 30, 2008. We do not believe that it is reasonably possible that there will be a significant increase or decrease in unrecognized tax benefits over the next 12 months.

We file U.S. federal, U.S. state, and foreign tax returns. Our major tax jurisdictions are U.S. federal and the state of California. For U.S. federal tax returns we are generally no longer subject to tax examinations for years prior to fiscal 2005. For California tax returns we are generally no longer subject to tax examinations for years prior to fiscal 2003.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes. As of the date of our adoption of FIN 48, we had accrued $3.6 million for the payment of interest and had no accruals for the payment of penalties. The amount of interest and penalties recognized during the three and nine months ended April 30, 2008 was not material.

**10. Stockholders' Equity**

*Stock Repurchase Programs*

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. We repurchased 10.8 million and 27.2 million shares for $300 million and $800 million under these programs during the three and nine months ended April 30, 2008. We repurchased 10.4 million and 17.1 million shares for $301.2 million and $506.6 million under these programs during the three and nine months ended April 30, 2007. No authorized amounts remained available under our stock repurchase programs at April 30, 2008. On May 20, 2008 we announced a new stock repurchase program under which we are authorized to repurchase up to $600 million of our common stock from time to time over a three-year period ending on May 15, 2011.

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.

*Stock Option Activity*

A summary of activity under all share-based compensation plans for the nine months ended April 30, 2008 was as follows:

| | | Options Outstanding | |
|---|---|---|---|
| | Shares Available for Grant | Number of Shares | Weighted Average Exercise Price Per Share |
| **Balance at July 31, 2007** | **6,410,464** | **54,489,650** | **$ 24.05** |
| Additional shares authorized | 10,000,000 | — | — |
| Options assumed and converted related to acquisitions | — | 647,992 | 2.00 |
| Options granted | (1,711,725) | 1,711,725 | 29.29 |
| Restricted stock units granted | (2,918,053) | — | — |
| Options exercised | — | (6,864,687) | 19.44 |
| Options and shares canceled or expired and returned to option pool, net of options canceled from expired plans | 1,785,132 | (3,528,614) | 31.17 |
| Restricted stock units canceled and returned to option pool, net of restricted stock units canceled from expired plans | 491,977 | — | — |
| **Balance at April 30, 2008** | **14,057,795** | **46,456,066** | **$ 24.08** |

At April 30, 2008, options to purchase 33,828,147 common shares were exercisable at a weighted average exercise price of $22.22 per share.

*Restricted Stock Unit Activity*

A summary of restricted stock unit activity for the nine months ended April 30, 2008 was as follows:

| | Restricted Stock Units | |
|---|---|---|
| | Number of Shares | Weighted Average Grant Date Fair Value |
| **Nonvested at July 31, 2007** | **2,504,686** | **$ 29.88** |
| Granted | 2,918,053 | 28.27 |
| Restricted stock units asssumed and converted related to acquisitions | 561,887 | 29.78 |
| Vested | (289,402) | 27.17 |
| Forfeited | (501,344) | 29.54 |
| **Nonvested at April 30, 2008** | **5,193,880** | **$ 29.15** |

*Share-Based Compensation Expense*

The following table summarizes the total share-based compensation expense that we recorded for continuing operations for the periods shown. The share-based compensation expense that we recorded for discontinued operations for these periods was nominal.

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| *(In thousands, except per share amounts)* | April 30, 2008 | April 30, 2007 | April 30, 2008 | April 30, 2007 |
| Cost of product revenue | $ 288 | $ 134 | $ 847 | $ 614 |
| Cost of service and other revenue | 1,483 | 1,010 | 4,894 | 2,083 |
| Selling and marketing | 10,684 | 6,929 | 28,110 | 18,313 |
| Research and development | 8,378 | 5,531 | 24,377 | 16,206 |
| General and administrative | 9,260 | 6,728 | 28,054 | 20,769 |
| Decrease in operating income from continuing operations and income from continuing operations before income taxes | 30,093 | 20,332 | 86,282 | 57,985 |
| Income tax benefit | (11,388) | (4,490) | (32,579) | (17,935) |
| Decrease in net income from continuing operations | $ 18,705 | $ 15,842 | $ 53,703 | $ 40,050 |
| Decrease in net income per share from continuing operations: | | | | |
| Basic | $ 0.06 | $ 0.05 | $ 0.16 | $ 0.12 |
| Diluted | $ 0.06 | $ 0.05 | $ 0.16 | $ 0.11 |

At April 30, 2008, there was $197.0 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we expect to recognize as 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 1.9 years.

**11. Litigation**

Intuit is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, including assertions that we may be infringing patents or other intellectual property rights of others. We currently believe that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) will not materially affect our financial position, results of operations or cash flows. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, negative publicity, diversion of management resources and other factors. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims, could adversely affect our business.

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

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

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

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

You should read this MD&A in conjunction with the financial statements and related notes in Item 1 and our Annual Report on Form 10-K for the fiscal year ended July 31, 2007. In February 2007 we acquired Digital Insight Corporation for a total purchase price of approximately $1.34 billion. In December 2007 we acquired Homestead Technologies Inc. for total consideration of approximately $170 million and in February 2008 we acquired Electronic Clearing House, Inc. for a total purchase price of approximately $131 million. Accordingly, we have included the results of operations for these three companies in our consolidated results of operations from their respective dates of acquisition. We also sold our Intuit Distribution Management Solutions business in August 2007 for approximately $100 million in cash and recorded a net gain on disposal of $27.5 million. We accounted for this business as discontinued operations and have accordingly reclassified our statements of operations and balance sheets for all periods prior to the sale. Unless noted otherwise, the following discussion pertains only to our continuing operations.

### Executive Overview

This overview provides a high level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results for the third quarter and first nine months of fiscal 2008 as well as our future prospects. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this Quarterly Report on Form 10-Q.

*About Intuit*

Intuit is a leading provider of business and financial management solutions for small and medium sized businesses; financial institutions; consumers; and accounting professionals. We organize our business into the following six segments:

- QuickBooks includes QuickBooks accounting and business management software and technical support, as well as financial supplies for small businesses.
- Payroll and Payments includes small business payroll products and services. It also encompasses merchant services, such as credit and debit card processing, check conversion and automated clearing house (ACH) capabilities provided by our Innovative Merchant Solutions business.
- Consumer Tax includes our TurboTax consumer and small business tax return preparation products and services.
- Professional Tax includes our Lacerte and ProSeries professional tax products and services.
- Financial Institutions consists primarily of outsourced online banking applications and services for banks and credit unions provided by our Digital Insight business.
- Other Businesses includes our Quicken personal finance products and services, Intuit Real Estate Solutions, and our businesses in Canada and the United Kingdom.

*Seasonality and Trends*

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

*Overview of Financial Results*

Total net revenue for the first nine months of fiscal 2008 was $2.6 billion, up 16% compared with the first nine months of fiscal 2007. The fiscal 2008 revenue increase was driven by our acquisition of Digital Insight and revenue growth in our Consumer Tax segment. Excluding the impact of our acquisitions of Digital Insight, Homestead Technologies Inc. (Homestead) and Electronic Clearing House, Inc. (ECHO) and the transition of certain outsourced payroll customers in connection with a sale of assets to Automatic Data Processing, Inc. (ADP), we estimate that total net revenue for the first nine months of fiscal 2008 would have increased 12% compared with the same period of fiscal 2007.

Operating income from continuing operations of $744.9 million for the first nine months of fiscal 2008 increased 7% compared with $694.3 million for the first nine months of fiscal 2007. Fiscal 2008 revenue growth was partially offset by higher costs of revenue and higher operating expenses. Higher costs and expenses in the first nine months of fiscal 2008 reflect our acquisition of Digital Insight, which has a higher cost structure than our other businesses. Higher costs and expenses in that period also reflect higher costs of revenue associated with revenue growth in our other segments, increased investment in research and development for new and existing offerings, and increases in advertising and other marketing expenses to support our Consumer Tax offerings. The effects of these factors are described in more detail below.

Net income from continuing operations of $512.6 million for the first nine months of fiscal 2008 increased 12% compared with $456.3 million for the first nine months of fiscal 2007. In the first nine months of fiscal 2008 we incurred interest expense of $40.4 million on the debt we issued in connection with our February 2007 acquisition of Digital Insight, compared with $12.8 million for the same period of fiscal 2007. We also recorded a pre-tax gain of $51.6 million on the sale of certain outsourced payroll assets in the first nine months of fiscal 2008. Our effective tax rates for the first nine months of fiscal 2008 and 2007 were approximately 35% and 36%. Average shares outstanding declined during the first nine months of fiscal 2008 as a result of repurchases of 27.2 million shares of common stock under our stock repurchase programs, partially offset by the issuance of 8.0 million shares in connection with our employee stock plans. Diluted net income per share from continuing operations of $1.50 for the first nine months of fiscal 2008 increased 17% compared with $1.28 for the same period of fiscal 2007 due to the factors noted above.

On December 18, 2007 we acquired Homestead Technologies Inc. for total consideration of approximately $170 million on a fully diluted basis. Homestead is a provider of Web site services to small businesses and became part of our QuickBooks segment.

On February 29, 2008 we acquired Electronic Clearing House, Inc. for a total purchase price of approximately $131 million in cash. ECHO is a provider of electronic payment processing services to small businesses and became part of our Payroll and Payments segment.

During the third quarter of fiscal 2008 we completed the transition of certain outsourced payroll customers in connection with a sale of assets to ADP. See "*Non-Operating Income and Expenses — Dispositions and Discontinued Operations"* later in this Item 2 for more information.

We ended the third quarter of fiscal 2008 with cash and short-term investments totaling $896.9 million, a decrease of $406.8 million from July 31, 2007. Due to a decrease in liquidity in the global credit markets, we reclassified $292.0 million in auction rate securities from short-term investments to long-term investments during the third quarter of fiscal 2008. See Note 2 to the financial statements in Item 1 for more information. In the first nine months of fiscal 2008 we generated cash from continuing operations, the receipt of cash from sales of investments, the sale of our Intuit Distribution Management Solutions business and the issuance of common stock under employee stock plans. During the same period we used cash for the repurchase of 27.2 million shares of our common stock for $800 million under our stock repurchase programs, for the purchases of Homestead and ECHO, and for the purchase of property and equipment. No authorized amounts remained available under our stock repurchase programs at April 30, 2008. On May 20, 2008 we announced a new stock repurchase program under which we are authorized to repurchase up to $600 million of our common stock from time to time over a three-year period ending on May 15, 2011. See *"Liquidity and Capital Resources"* later in this Item 2 for more information.

**Critical Accounting Policies and Estimates**

In preparing our financial statements, we make estimates, assumptions and judgments that can have a significant impact on our net revenue, operating income or loss and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet. We believe that the estimates, assumptions and judgments involved in the accounting policies described in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2007 have the greatest potential impact on our financial statements, so we consider them to be our critical accounting policies and estimates. Except for the change to our income tax policy that is discussed in *"Income Taxes — Adoption of FASB Interpretation No. 48"* below, we believe that during the first nine months of fiscal 2008 there were no significant changes in those critical accounting policies and estimates. Senior management has reviewed the development and selection of our critical accounting policies and estimates and their disclosure in this Quarterly Report on Form 10-Q with the Audit Committee of our Board of Directors.

*Income Taxes — Adoption of FASB Interpretation No. 48*

We adopted Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48, *"Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109"* on August 1, 2007. See Note 9 to the financial statements in Item 1. As a result of our adoption of FIN 48 we recognize and measure benefits for uncertain tax positions accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, *"Accounting for Income Taxes,"* using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not of being sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a quarterly basis. Our evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change.

Table of Contents

**Results of Operations**

***Financial Overview***

| *(Dollars in millions, except per share amounts)* | Q3 FY08 | Q3 FY07 | $ Change | % Change | YTD Q3 FY08 | YTD Q3 FY07 | $ Change | % Change |
|---|---|---|---|---|---|---|---|---|
| Total net revenue | $ 1,313.0 | $ 1,139.1 | $ 173.9 | 15% | $ 2,592.8 | $ 2,240.3 | $ 352.5 | 16% |
| Operating income from continuing operations | 674.5 | 578.1 | 96.4 | 17% | 744.9 | 694.3 | 50.6 | 7% |
| Net income from continuing operations | 444.2 | 367.9 | 76.3 | 21% | 512.6 | 456.3 | 56.3 | 12% |
| Diluted net income per share from continuing operations | $ 1.33 | $ 1.04 | $ 0.29 | 28% | $ 1.50 | $ 1.28 | $ 0.22 | 17% |

Total net revenue increased $173.9 million or 15% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. Total net revenue was higher in the third quarter of fiscal 2008 due to revenue growth in each of our segments, with the majority of the growth coming from our Consumer Tax and Professional Tax segments. Excluding the impact of our acquisitions of Digital Insight, Homestead and ECHO; the transition of certain outsourced payroll customers in connection with a sale of assets to ADP; and the deferral of Professional Tax revenue described below, we estimate that total net revenue for the third quarter of fiscal 2008 would have increased 13% compared with the same period of fiscal 2007. Consumer Tax segment revenue increased $91.8 million or 16% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 due to growth in TurboTax Online units. Professional Tax segment revenue increased $27.4 million or 20% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. We estimate that, compared with the third quarter of fiscal 2007, changes in our Professional Tax offerings for the 2007 tax year caused $23 million in Professional Tax revenue to be deferred from the second quarter of fiscal 2008 to the third quarter of fiscal 2008. Revenue in our QuickBooks segment was up 5% and Payroll and Payments segment revenue increased 14% compared with the third quarter of fiscal 2007. Payroll and Payments segment revenue for the third quarter of fiscal 2008 increased 13% when adjusted for our acquisition of ECHO and the transition of certain outsourced payroll customers in connection with a sale of assets to ADP. See *"Total Net Revenue by Business Segment"* later in this Item 2 for more information.

Total net revenue increased $352.5 million or 16% in the first nine months of fiscal 2008 compared with the first nine months of fiscal 2007. Total net revenue was higher in the fiscal 2008 period due to our acquisition of Digital Insight, which accounted for about $141 million of the increase, and to revenue growth in our Consumer Tax segment, which accounted for about $120 million of the increase. Excluding the impact of our acquisitions of Digital Insight, Homestead and ECHO and the transition of certain outsourced payroll customers in connection with a sale of assets to ADP, we estimate that total net revenue for the first nine months of fiscal 2008 would have increased 12% compared with the same period of fiscal 2007. Consumer Tax segment revenue increased $118.7 million or 15% in the first nine months of fiscal 2008 compared with the first nine months of fiscal 2007 due to growth in TurboTax Online units. Professional Tax segment revenue increased 1% in the first nine months of fiscal 2008 compared with the first nine months of fiscal 2007. Revenue in our QuickBooks segment was up 6% and Payroll and Payments segment revenue also increased 6% compared with the first nine months of fiscal 2007. Payroll and Payments segment revenue for the first nine months of fiscal 2008 increased 16% when adjusted for the impact of our acquisition of ECHO and the transition of certain outsourced payroll customers in connection with a sale of assets to ADP. See *"Total Net Revenue by Business Segment"* later in this Item 2 for more information.

Higher revenue in the third quarter and first nine months of fiscal 2008 was partially offset by higher costs and expenses, including costs and expenses associated with Digital Insight. The costs and expenses for our Financial Institutions segment, which includes Digital Insight, are relatively higher as a percentage of revenue than the costs and expenses for our other businesses. Including Digital Insight, increases for the first nine months of fiscal 2008 were approximately $70 million for cost of product, service and other revenue, approximately $103 million for product development, approximately $92 million for selling and marketing expenses and approximately $38 million for the amortization of Digital Insight intangible assets. See *"Cost of Revenue"* and *"Operating Expenses"* later in this Item 2 for more information.

Net income from continuing operations increased $76.3 million or 21% in the third quarter of fiscal 2008 and $56.3 million or 12% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. In the first nine months of fiscal 2008 we incurred interest expense of $40.4 million on the debt we issued in connection with our February 2007 acquisition of Digital Insight, compared with $12.8 million in the same period of fiscal 2007. We also recorded a pre-tax gain of $51.6 million on the sale of certain outsourced payroll assets to ADP in the first nine months of fiscal 2008. Our effective tax rates for the third quarters of fiscal 2008 and 2007 were approximately 35% and 36%. Our effective tax rates for the first nine months of fiscal 2008 and 2007 were approximately 35% and 36%. See *"Income Taxes"* later in this Item 2 for more information. Average shares outstanding declined during the first nine months of fiscal 2008 as a result of repurchases of 27.2 million shares of common stock under our stock repurchase programs, partially offset by the issuance of 8.0 million shares in connection with our employee stock plans. Due to these factors, diluted net income per share from continuing operations increased 28% to $1.33 in the third quarter of fiscal 2008 and increased 17% to $1.50 in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007.

Table of Contents

***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 six reportable business segments. See Note 6 to the financial statements in Item 1 for descriptions of product revenue and service and other revenue for each segment.

| *(Dollars in millions)* | Q3 FY08 | % of Total Net Revenue | Q3 FY07 | % of Total Net Revenue | % Change | YTD Q3 FY08 | % of Total Net Revenue | YTD Q3 FY07 | % of Total Net Revenue | % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| **QuickBooks** | | | | | | | | | | |
| Product revenue | $ 128.1 | | $ 132.6 | | | $ 392.9 | | $ 393.8 | | |
| Service and other revenue | 37.0 | | 24.3 | | | 94.5 | | 64.8 | | |
| Subtotal | 165.1 | 13% | 156.9 | 14% | 5% | 487.4 | 19% | 458.6 | 21% | 6% |
| **Payroll and Payments** | | | | | | | | | | |
| Product revenue | 55.0 | | 52.8 | | | 162.5 | | 155.0 | | |
| Service and other revenue | 87.1 | | 71.7 | | | 248.9 | | 233.2 | | |
| Subtotal | 142.1 | 11% | 124.5 | 11% | 14% | 411.4 | 16% | 388.2 | 17% | 6% |
| **Consumer Tax** | | | | | | | | | | |
| Product revenue | 123.6 | | 126.1 | | | 307.5 | | 295.3 | | |
| Service and other revenue | 533.3 | | 439.0 | | | 611.0 | | 504.5 | | |
| Subtotal | 656.9 | 50% | 565.1 | 49% | 16% | 918.5 | 35% | 799.8 | 36% | 15% |
| **Professional Tax** | | | | | | | | | | |
| Product revenue | 146.4 | | 116.3 | | | 258.9 | | 250.3 | | |
| Service and other revenue | 19.5 | | 22.2 | | | 23.4 | | 28.6 | | |
| Subtotal | 165.9 | 12% | 138.5 | 12% | 20% | 282.3 | 11% | 278.9 | 12% | 1% |
| **Financial Institutions** | | | | | | | | | | |
| Product revenue | 0.2 | | — | | | 0.5 | | — | | |
| Service and other revenue | 76.1 | | 65.0 | | | 220.3 | | 76.9 | | |
| Subtotal | 76.3 | 6% | 65.0 | 6% | 17% | 220.8 | 8% | 76.9 | 3% | NM |
| **Other Businesses** | | | | | | | | | | |
| Product revenue | 64.4 | | 56.2 | | | 154.8 | | 145.8 | | |
| Service and other revenue | 42.3 | | 32.9 | | | 117.6 | | 92.1 | | |
| Subtotal | 106.7 | 8% | 89.1 | 8% | 20% | 272.4 | 11% | 237.9 | 11% | 15% |
| **Total Company** | | | | | | | | | | |
| Product revenue | 517.7 | | 484.0 | | | 1,277.1 | | 1,240.2 | | |
| Service and other revenue | 795.3 | | 655.1 | | | 1,315.7 | | 1,000.1 | | |
| Total net revenue | $ 1,313.0 | 100% | $ 1,139.1 | 100% | 15% | $ 2,592.8 | 100% | $ 2,240.3 | 100% | 16% |

NM = Not meaningful

*QuickBooks*

QuickBooks segment total net revenue increased $8.2 million or 5% in the third quarter of fiscal 2008 and $28.8 million or 6% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. Excluding about $6 million and $8 million in revenue from Homestead, which we acquired in December 2007, QuickBooks segment total net revenue increased 2% in the third quarter of fiscal 2008 and 5% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. Total QuickBooks software unit sales, including activations of our free Simple Start offering, were up slightly in the first nine months of fiscal 2008 compared with the same period of fiscal 2007. Revenue growth in that period was driven by a 20% increase in QuickBooks Online Edition subscribers and growth in revenue from secondary products and services sold in conjunction with QuickBooks software units.

*Payroll and Payments*

Payroll and Payments total net revenue increased $17.6 million or 14% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. In our Payments business, merchant services revenue increased 41% due to 20% growth in our core merchant services customer base and our acquisition of ECHO. Payroll revenue was up slightly as we completed the transition of portions of our Complete Payroll and Premier Payroll Services customer base in connection with a sale of assets to ADP. We estimate that revenue growth in our Payroll and Payments segment in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 would have been approximately 13% when adjusted for the impact of our acquisition of ECHO and the sale of those payroll customers.

Payroll and Payments total net revenue increased $23.2 million or 6% in the first nine months of fiscal 2008 compared with the same period of fiscal 2007. In our Payments business, merchant services revenue increased 35% due to 20% growth in our core merchant services customer base and our acquisition of ECHO. Payroll revenue decreased 7% as we completed the transition of portions of our Complete Payroll and Premier Payroll Services customer base in connection with a sale of assets to ADP. We estimate that revenue growth in our Payroll and Payments segment in the first nine months of fiscal 2008 compared with the same period of fiscal 2007 would have been approximately 16% when adjusted for the impact of our acquisition of ECHO and the sale of those payroll customers.

*Consumer Tax*

Consumer Tax total net revenue increased $91.8 million or 16% in the third quarter of fiscal 2008 and $118.7 million or 15% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. The fiscal 2008 revenue increases were due to 17% growth in total federal TurboTax units, which was driven by 37% growth in TurboTax Online units.

*Professional Tax*

Professional Tax total net revenue increased $27.4 million or 20% in the third quarter of fiscal 2008 and increased $3.4 million or 1% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. We estimate that, compared with the third quarter of fiscal 2007, changes in our Professional Tax offerings for the 2007 tax year caused $23 million in Professional Tax revenue to be deferred from the second quarter of fiscal 2008 to the third quarter of fiscal 2008. In addition, we discontinued our ProSeries Express product line in fiscal 2008, which we estimate resulted in a loss of five percentage points of growth for the Professional Tax segment in the first nine months of fiscal 2008 compared with the same period of fiscal 2007.

*Financial Institutions*

Financial Institutions total net revenue increased $11.3 million or 17% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. Adjusting for the timing of our acquisition of Digital Insight, which closed on February 6, 2007, Financial Institutions total net revenue increased 10% in this period. Adjusted revenue growth in the third quarter of fiscal 2008 was due to 9% growth in Internet banking end users and 17% growth in bill-pay end users. Financial Institutions total net revenue increased $143.9 million to $220.8 million in the first nine months of fiscal 2008 compared with the same period of fiscal 2007 due mainly to our acquisition of Digital Insight.

*Other Businesses*

Other Businesses total net revenue increased $17.6 million or 20% in the third quarter of fiscal 2008 and $34.5 million or 15% in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007. In the first nine months of fiscal 2008, revenue from our businesses in Canada and the United Kingdom increased 19%, revenue from our Intuit Real Estate Solutions business grew 22%, and Quicken revenue was up 3%. The weaker U.S. dollar contributed to Canadian revenue growth, accounting for approximately seven percentage points of Other Businesses segment revenue growth in the third quarter of fiscal 2008 and approximately five percentage points of Other Businesses segment revenue growth in the first nine months of fiscal 2008 compared with the same periods of fiscal 2007.

***Cost of Revenue***

| *(Dollars in millions)* | Q3 FY08 | % of Related Revenue | Q3 FY07 | % of Related Revenue | YTD Q3 FY08 | % of Related Revenue | YTD Q3 FY07 | % of Related Revenue |
|---|---|---|---|---|---|---|---|---|
| Cost of product revenue | $ 34.6 | 7% | $ 40.6 | 8% | $ 125.3 | 10% | $ 142.1 | 11% |
| Cost of service and other revenue | 105.3 | 13% | 90.4 | 14% | 305.6 | 23% | 218.6 | 22% |
| Amortization of purchased intangible assets | 14.1 | n/a | 13.5 | n/a | 40.2 | n/a | 17.9 | n/a |
| Total cost of revenue | $ 154.0 | 12% | $ 144.5 | 13% | $ 471.1 | 18% | $ 378.6 | 17% |

Cost of product revenue as a percentage of product revenue decreased slightly to 7% in the third quarter of fiscal 2008 from 8% in the third quarter of fiscal 2007 due to cost efficiencies achieved for our QuickBooks 2008 and Consumer Tax product lines. Cost of service and other revenue as a percentage of service and other revenue decreased slightly to 13% in the third quarter of fiscal 2008 from 14% in the third quarter of fiscal 2007 due to high growth in TurboTax Online revenue and electronic filing services revenue, which have relatively lower costs of service revenue compared with our other service offerings.

Cost of product revenue as a percentage of product revenue decreased slightly to 10% in the first nine months of fiscal 2008 from 11% in the same period of fiscal 2007 due to cost efficiencies achieved for our QuickBooks 2008 and Consumer Tax product lines. Cost of service and other revenue as a percentage of service and other revenue increased slightly to 23% in the first nine months of fiscal 2008 from 22% in the first nine months of fiscal 2007 due to the impact of our acquisition of Digital Insight, which has relatively higher costs of service and other revenue, partially offset by the impact of growth in TurboTax Online revenue and electronic filing services revenue, which have relatively lower costs of service revenue compared with our other service offerings.

Amortization of purchased intangible assets increased in the first nine months of fiscal 2008 compared with the same period of fiscal 2007 due to the amortization of Digital Insight purchased intangible assets, which we acquired in February 2007.

***Operating Expenses***

| *(Dollars in millions)* | Q3 FY08 | % of Total Net Revenue | Q3 FY07 | % of Total Net Revenue | YTD Q3 FY08 | % of Total Net Revenue | YTD Q3 FY07 | % of Total Net Revenue |
|---|---|---|---|---|---|---|---|---|
| Selling and marketing | $ 246.1 | 19% | $ 214.7 | 19% | $ 679.5 | 26% | $ 587.7 | 26% |
| Research and development | 150.0 | 11% | 116.2 | 10% | 449.1 | 17% | 346.6 | 15% |
| General and administrative | 79.2 | 6% | 77.0 | 7% | 222.9 | 9% | 221.2 | 10% |
| Acquisition-related charges | 9.3 | 1% | 8.7 | 1% | 25.3 | 1% | 11.9 | 1% |
| Total operating expenses | $ 484.6 | 37% | $ 416.6 | 37% | $ 1,376.8 | 53% | $ 1,167.4 | 52% |

Total operating expenses as a percentage of total net revenue were comparable in the third quarters of fiscal 2008 and fiscal 2007. Total operating expenses in dollars increased about $68 million in the third quarter of fiscal 2008, approximately $18 million of which was due to our acquisitions of Digital Insight, Homestead and ECHO and approximately $9 million of which was due to higher share-based compensation expense. During this period we also increased spending for research and development for existing offerings as well as for new offerings, and for selling and marketing expenses to support our Consumer Tax and Small Business offerings. Excluding the impact of the increase in share-based compensation expense, general and administrative expenses in dollars declined slightly in the third quarter of fiscal 2008 compared with the same quarter of fiscal 2007.

Total operating expenses as a percentage of total net revenue increased slightly to 53% in the first nine months of fiscal 2008 compared with 52% in the first nine months of fiscal 2007. Total operating expenses in dollars increased about $209 million in the first nine months of fiscal 2008, approximately $89 million of which was due to our acquisitions of Digital Insight, Homestead and ECHO and approximately $25 million of which was due to higher share-based compensation expense.

Including Digital Insight, Homestead and ECHO, about half of the increase in total operating expenses in dollars for the first nine months of fiscal 2008 was due to higher research and development expenses. During this period, we continued to invest in research and development for existing offerings as well as for new offerings. About 45% of the increase in total operating expenses in dollars for this period was due to higher selling and marketing expenses. Of the increase in selling and marketing expenses in dollars for this period about 38% was due to our acquisition of Digital Insight, whose selling costs are relatively higher compared with our other businesses because they sell their services to financial institutions through a direct sales force. Another 30% of the increase in selling and marketing expenses in dollars was due to higher advertising and other marketing expenses to support our Consumer Tax offerings. Excluding the impact of the increase in share-based compensation expense, general and administrative expenses in dollars declined about $6 million in the first nine months of fiscal 2008 compared with the same period of fiscal 2007.

Acquisition-related charges increased in the first nine months of fiscal 2008 compared with the same period of fiscal 2007 due to the amortization of Digital Insight purchased intangible assets, which we acquired in February 2007.

***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 selling and marketing, product development, and general and administrative expenses and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled $138.3 million and $125.4 million in the third quarters of fiscal 2008 and 2007 and $422.5 million and $374.7 million in the first nine months of fiscal 2008 and 2007. Unallocated costs increased approximately $10 million and $28 million in the third quarter and first nine months of fiscal 2008 compared with the same periods of fiscal 2007 due to higher share-based compensation expenses. Unallocated costs also increased in these periods due to higher expenses for shared product development and marketing functions. Segment expenses also do not include amortization of purchased intangible assets, acquisition-related charges, and impairment of goodwill and purchased intangible assets. In addition, segment expenses do not include interest expense, interest and other income, and realized net gains or losses on marketable equity securities and other investments. See Note 6 to the financial statements in Item 1 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 FY08 | % of Related Revenue | Q3 FY07 | % of Related Revenue | YTD Q3 FY08 | % of Related Revenue | YTD Q3 FY07 | % of Related Revenue |
|---|---|---|---|---|---|---|---|---|
| QuickBooks | $ 44.1 | 27% | $ 50.6 | 32% | $ 136.5 | 28% | $ 131.7 | 29% |
| Payroll and Payments | 50.2 | 35% | 51.3 | 41% | 164.1 | 40% | 159.2 | 41% |
| Consumer Tax | 545.1 | 83% | 460.3 | 81% | 627.9 | 68% | 539.1 | 67% |
| Professional Tax | 135.3 | 82% | 110.7 | 80% | 175.6 | 62% | 169.2 | 61% |
| Financial Institutions | 16.3 | 21% | 14.4 | 22% | 41.3 | 19% | 17.8 | 23% |
| Other Businesses | 45.1 | 42% | 38.4 | 43% | 87.6 | 32% | 81.8 | 34% |
| Total segment operating income | $ 836.1 | 64% | $ 725.7 | 64% | $ 1,233.0 | 48% | $ 1,098.8 | 49% |

*QuickBooks*

QuickBooks segment operating income as a percentage of related revenue decreased to 27% in the third quarter of fiscal 2008 from 32% in the third quarter of fiscal 2007. QuickBooks segment revenue increased $8.2 million in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. This increase included about $6 million in revenue from Homestead, which we acquired in December 2007. Cost of revenue remained relatively flat as cost efficiencies achieved for our QuickBooks 2008 product line offset higher costs associated with QuickBooks services. Including Homestead, selling and marketing expenses increased approximately $9 million and product development expenses increased approximately $5 million in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007.

QuickBooks segment operating income as a percentage of related revenue decreased slightly to 28% in the first nine months of fiscal 2008 from 29% in the first nine months of fiscal 2007. QuickBooks segment revenue grew $28.8 million in the first nine months of fiscal 2008 compared with the same period of fiscal 2007. This increase included about $8 million in revenue from Homestead. Cost of revenue remained relatively flat as cost efficiencies achieved for our QuickBooks 2008 product line partially offset higher costs associated with QuickBooks services. Including Homestead, selling and marketing expenses increased approximately $9 million, product development expenses increased approximately $11 million and general and administrative expenses increased approximately $3 million in the first nine months of fiscal 2008 compared with the same period of fiscal 2007.

*Payroll and Payments*

Payroll and Payments segment operating income as a percentage of related revenue decreased to 35% in the third quarter of fiscal 2008 from 41% in the third quarter of fiscal 2007. Total Payroll and Payments revenue increased $17.6 million in the third quarter of fiscal 2008 compared with the same quarter of fiscal 2007 on higher merchant services revenue and flat total payroll revenue. Cost of revenue increased approximately $7 million as merchant services revenue has relatively higher costs of revenue than our payroll business. Higher gross margins in the third quarter of fiscal 2008 were offset by higher product development, selling and marketing, and infrastructure costs.

Payroll and Payments segment operating income as a percentage of related revenue decreased slightly to 40% in the first nine months of fiscal 2008 from 41% in the same period of fiscal 2007. Total Payroll and Payments revenue increased $23.2 million in the first nine months of fiscal 2008 compared with the same period of fiscal 2007, with higher merchant services revenue more than offsetting lower total payroll revenue. Although merchant services revenue has relatively higher costs of revenue than our combined payroll business, low growth in cost of revenue in the segment was achieved through our transition of certain full service payroll customers, which also have relatively higher costs of revenue, to ADP. Higher gross margins in the first nine months of fiscal 2008 were partially offset by higher product development, selling and marketing, and infrastructure costs.

*Consumer Tax*

Consumer Tax segment operating income as a percentage of related revenue increased to 83% in the third quarter of fiscal 2008 from 81% in the third quarter of fiscal 2007 and increased slightly to 68% in the first nine months of fiscal 2008 from 67% in the same period of fiscal 2007. The $118.7 million growth in Consumer Tax revenue in the first nine months of fiscal 2008 was partially offset by higher expenses, including increases of approximately $28 million for selling and marketing expenses (including higher radio, television and online advertising expenses as well as higher direct marketing expenses) and approximately $8 million for product development expenses. Lower cost of revenue and general and administrative expenses partially offset the increases in selling and marketing expenses and product development expenses.

*Professional Tax*

Professional Tax segment operating income as a percentage of related revenue increased to 82% in the third quarter of fiscal 2008 from 80% in the third quarter of fiscal 2007 and increased slightly to 62% in the first nine months of fiscal 2008 from 61% in the same period of fiscal 2007. Professional Tax segment operating income for the third quarter of fiscal 2008 was affected by the deferral of approximately $23 million in revenue associated with changes in our offerings from the second quarter of fiscal 2008 to the third quarter of fiscal 2008. If this deferral had not occurred, Professional Tax segment operating income as a percentage of related revenue would have been 79% in the third quarter of fiscal 2008.

*Financial Institutions*

Financial Institutions segment operating income as a percentage of related revenue decreased slightly to 21% in the third quarter of fiscal 2008 from 22% in the third quarter of fiscal 2007. Financial Institutions revenue increased $11.3 million in the third quarter of fiscal 2008 compared with the same quarter of fiscal 2007 while cost of revenue increased approximately $4 million, selling and marketing expenses increased approximately $3 million, and research and development expenses increased approximately $2 million in that period.

Financial Institutions segment operating income as a percentage of related revenue decreased to 19% in the first nine months of fiscal 2008 from 23% in the same period of fiscal 2007. The fiscal 2008 decrease in segment operating income was due to our February 2007 acquisition of Digital Insight, which we combined with our existing financial institutions business to create a new Financial Institutions segment. This new segment is significantly larger and has higher costs, including relatively higher cost of service and other revenue and higher selling expenses, than the Intuit financial institutions business that preceded it.

*Other Businesses*

Other Businesses segment operating income as a percentage of related revenue decreased slightly to 42% in the third quarter of fiscal 2008 from 43% in the third quarter of fiscal 2007 and decreased to 32% in the first nine months of fiscal 2008 from 34% in the same period of fiscal 2007. Much of the revenue growth in this segment came from our Intuit Real Estate Solutions business, which has a higher cost structure than the other businesses in this segment. In addition, selling and marketing expenses in our business in Canada increased in both fiscal 2008 periods in support of our latest QuickBooks and consumer tax offerings.

***Non-Operating Income and Expenses***

*Interest Expense*

In order to finance a portion of our February 2007 acquisition of Digital Insight, we issued $1 billion in senior notes. Interest expense of $12.8 million for the third quarter of fiscal 2008, $40.4 million for the first nine months of fiscal 2008, and $12.8 million for the third quarter and first nine months of fiscal 2007 consisted primarily of interest on $500 million in principal amount of the senior notes at 5.40% and interest on $500 million in principal amount of the senior notes at 5.75%. The senior notes are due in March 2012 and March 2017 and are redeemable by Intuit at any time, subject to a make-whole premium.

*Interest and Other Income*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| *(In millions)* | April 30, 2008 | April 30, 2007 | April 30, 2008 | April 30, 2007 |
| Interest income | $ 9.3 | $ 10.6 | $ 30.3 | $ 31.7 |
| Net gains (losses) on executive deferred compensation plan assets | 0.8 | (0.2) | (0.7) | (0.6) |
| Other | 0.3 | 0.2 | 2.9 | 0.8 |
| Total interest and other income | $ 10.4 | $ 10.6 | $ 32.5 | $ 31.9 |

Interest and other income consists primarily of interest income. Lower interest rates and lower average invested balances resulted in lower interest income in the third quarter and first nine months of fiscal 2008 compared with the same periods of fiscal 2007.

*Income Taxes*

Effective Tax Rate

Our effective tax rate for the third quarter of fiscal 2008 was approximately 35% and did not differ significantly from the federal statutory rate. State income taxes were offset primarily by the benefit we received from tax exempt interest income, the domestic production activities deduction, and federal and state research and experimental credits. Our effective tax rate for the third quarter of fiscal 2007 was approximately 36%. This differed from the federal statutory rate of 35% due primarily 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 rate for the first nine months of fiscal 2008 was approximately 35% and did not differ significantly from the federal statutory rate. State income taxes were offset primarily by the benefit we received from tax exempt interest income, the domestic production activities deduction, and federal and state research and experimental credits. Our effective tax rate for the first nine months of fiscal 2007 was approximately 36%. This differed from the federal statutory rate of 35% primarily due to state income taxes, which were partially offset by the benefit we received from federal and state research and experimental credits and tax exempt interest income. In addition, we benefited from the retroactive extension of the federal research and experimental credit in the fiscal 2007 period.

Net Deferred Tax Assets

At April 30, 2008, we had total net deferred tax assets of $182.1 million, which included a valuation allowance of $2.5 million for certain state net operating loss carryforwards. The allowance reflects management's assessment that we may not receive the benefit of loss carryforwards in certain state jurisdictions. While we believe our current valuation allowance is sufficient, it may be necessary to increase this amount if it becomes more likely that we will not realize a greater portion of the net deferred tax assets. We assess the need for an adjustment to the valuation allowance on a quarterly basis. See Note 9 to the financial statements in Item 1.

Adoption of FASB Interpretation No. 48

On August 1, 2007 we adopted the provisions of FIN 48, "*Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*." FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN 48 requires that we determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is more likely than not of being sustained in the financial statements. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit in the financial statements. See Note 9 to the financial statements in Item 1 for more information about the impact of our adoption of FIN 48.

*Dispositions and Discontinued Operations*

During fiscal 2008 and 2007 we sold the assets and businesses described below. See Note 5 to the financial statements in Item 1 for more complete descriptions of these dispositions and discontinued operations.

Intuit Distribution Management Solutions Discontinued Operations

In August 2007 we sold our Intuit Distribution Management Solutions (IDMS) business for approximately $100 million in cash and recorded a net gain on disposal of $27.5 million. IDMS was part of our Other Businesses segment. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* we have accounted for IDMS as a discontinued operation and segregated its operating results from continuing operations in our statements of operations for all periods prior to the sale. Revenue and net loss from IDMS discontinued operations were $1.9 million and $0.7 million for the first nine months of fiscal 2008. Revenue and net income from IDMS discontinued operations were $15.3 million and $0.4 million for the third quarter of fiscal 2007. Revenue and net loss from IDMS discontinued operations were $39.5 million and $1.5 million for the first nine months of fiscal 2007.

Sale of Outsourced Payroll Assets

In March 2007 we sold certain assets related to our Complete Payroll and Premier Payroll Service business to Automated Data Processing, Inc. (ADP) for a purchase price of up to approximately $135 million in cash. The final purchase price was contingent upon the number of customers that transitioned to ADP pursuant to the purchase agreement over a period of approximately one year from the date of sale. In the three and nine months ended April 30, 2008 we recorded pre-tax net gains of $13.6 million and $51.6 million on our statement of operations for customers who transitioned to ADP during those periods. We received a total purchase price of $93.6 million and recorded a total pre-tax gain of $83.2 million from the inception of this transaction through its completion in the third quarter of fiscal 2008. In accordance with the provisions of SFAS 144, we did not account for this transaction as a discontinued operation. The assets were part of our Payroll and Payments segment.

**Liquidity and Capital Resources**

*Overview*

At April 30, 2008, our cash, cash equivalents and investments totaled $896.9 billion, a decrease of $406.8 million from July 31, 2007 due to the factors noted below. Our primary source of liquidity has been cash from operations, which entails the collection of accounts receivable for products and services. Our primary uses of cash have been for research and development programs, selling and marketing activities, capital projects, debt service costs, repurchases of common stock and acquisitions of businesses.

In connection with our acquisition of Digital Insight Corporation, in March 2007 we issued five-year and ten-year senior unsecured notes totaling $1 billion and used approximately $300 million of our cash balances. We also have a $500 million unsecured revolving line of credit facility that is described later in this Item 2. To date we have not borrowed under the facility.

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

| *(Dollars in millions)* | April 30, 2008 | July 31, 2007 | $ Change | % Change |
|---|---|---|---|---|
| Cash, cash equivalents and investments | $ 896.9 | $ 1,303.7 | $ (406.8) | (31%) |
| Long-term debt | 998.0 | 997.8 | 0.2 | 0% |
| Working capital | 238.9 | 791.8 | (552.9) | (70%) |
| Ratio of current assets to current liabilities | 1.2:1 | 1.7:1 | | |

| | Nine Months Ended | | | |
|---|---|---|---|---|
| *(In millions)* | April 30, 2008 | April 30, 2007 | $ Change | % Change |
| Cash flow from continuing operations | $ 869.5 | $ 814.7 | $ 54.8 | 7% |
| Acquisitions of businesses | (262.8) | (1,269.3) | 1,006.5 | (79%) |
| Proceeds from the sale of businesses | 132.0 | 44.3 | 87.7 | 198% |
| Purchases of property and equipment | (217.3) | (89.3) | (128.0) | 143% |
| Issuance of long-term debt | — | 997.8 | (997.8) | (100%) |
| Purchase of treasury stock | (800.0) | (506.8) | (293.2) | 58% |
| Net proceeds from issuance of common stock under stock plans | 146.9 | 150.9 | (4.0) | (3%) |

*Auction Rate Securities*

At February 1, 2008, we had approximately $328 million invested in AAA-rated municipal auction rate securities that we classified as short-term investments. Auction rate securities are collateralized long-term debt instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined intervals, typically every 35 days. The underlying assets of the municipal auction rate securities we hold are generally student loans which are guaranteed by the U.S. Department of Education. We sold approximately $36 million of these securities through the normal auction process in early February 2008. Beginning in February 2008, a decrease in liquidity in the global credit markets caused auctions to fail for substantially all of the remaining municipal auction rate securities we held. When these auctions failed to clear, higher interest rates for many of those securities went into effect. However, the principal amounts of those securities will not be accessible until a successful auction occurs, a buyer is found outside of the auction process, the issuer calls the security, the issuer repays principal over time from cash flows prior to final maturity, or the security matures according to contractual terms ranging from one to 39 years. At April 30, 2008, substantially all our auction rate securities were rated AAA/Aaa by the major credit rating agencies. We continue to believe that the credit quality of our auction rate securities is high and we expect that we will receive the principal amounts of these securities through one of the means described above.

We estimated the fair values of the municipal auction rate securities we held at April 30, 2008 using valuation reports from third parties and a discounted cash flow model that we prepared. Using these reports and our discounted cash flow model we determined that the fair values of the municipal auction rate securities we held at

April 30, 2008 were not significantly impaired, and as a result we recorded no decrease in the fair values of those securities for the three or nine months then ended.

While the recent auction failures will limit our ability to liquidate these securities for some period of time, based on our expected operating cash flows and our other sources of cash, we do not believe that the reduction in liquidity of our municipal auction rate securities will have a material impact on our overall ability to meet our liquidity needs. We have the ability and intent to hold these securities until liquidity returns to the market, other secondary markets develop, or the securities mature. However, as it is not certain when liquidity will return to the market or when other secondary markets will develop, we reclassified our investments in auction rate securities totaling $292 million from short-term investments to long-term investments on our balance sheet at April 30, 2008. See Note 2 to the financial statements in Item 1 for more information.

*Operating Activities*

During the first nine months of fiscal 2008 we generated $869.5 million in cash from our continuing operations. This included net income of $538.6 million, adjustments for depreciation and amortization of $157.2 million, and an adjustment for share-based compensation of $86.3 million. Included in income taxes payable at April 30, 2008 is approximately $200 million in income taxes that we expect to pay during the fourth quarter of fiscal 2008.

*Investing Activities*

Investing activities used $19.3 million during the first nine months of fiscal 2008, including $262.8 million in cash for acquisitions of businesses (primarily Homestead and ECHO) and $217.3 million in cash for purchases of property and equipment, partially offset by the receipt of $330.9 million in cash from sales of investments and the receipt of $132.0 million in cash from the sale of our Intuit Distribution Management Solutions business and certain outsourced payroll assets.

Our expenditures for property and equipment and capitalized internal use software increased from a total of $89.3 million in the first nine months of fiscal 2007 to a total of $217.3 million in the first nine months of fiscal 2008. We expect our expenditures for property and equipment and capitalized internal use software to increase from a total of about $153 million in fiscal 2007 to approximately $300 million in fiscal 2008. This increase in capital expenditures is related to investments in a new data center and expansion of office capacity to support the expected growth in our business.

On December 18, 2007 we acquired Homestead Technologies Inc. for total consideration of approximately $170 million on a fully diluted basis. Homestead is a provider of Web site services to small businesses and became part of our QuickBooks segment.

On February 29, 2008 we acquired Electronic Clearing House, Inc. (ECHO) for a total purchase price of approximately $131 million in cash. ECHO is a provider of electronic payment processing services to small businesses and became part of our Payroll and Payments segment.

*Financing Activities*

We used $636.1 million in cash for financing activities during the first nine months of fiscal 2008, including $800 million for the repurchase of common stock under our stock repurchase programs partially offset by $146.9 million from the issuance of common stock under employee stock plans.

*Stock Repurchase Programs*

Our Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During the third quarter and first nine months of fiscal 2008 we repurchased 10.8 million and 27.2 million shares of our common stock for $300 million and $800 million under our stock repurchase programs. We repurchased 10.4 million and 17.1 million shares for $301.2 million and $506.6 million under these programs during the same periods of fiscal 2007. No authorized amounts remained available under our stock repurchase programs at April 30, 2008. On May 20, 2008 we announced a new stock repurchase program under which we are authorized to repurchase up to $600 million of our common stock from time to time over a three-year period ending on May 15, 2011.

*Unsecured Revolving Credit Facility*

On March 22, 2007 we entered into an agreement with certain institutional lenders for a $500 million unsecured revolving credit facility that will expire on March 22, 2012. Advances under the credit facility will accrue interest at rates that are equal to, at our election, either Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. The applicable interest rate will be increased by 0.05% for any period in which the total principal amount of advances and letters of credit under the credit facility exceeds $250 million. The agreement includes covenants that require us to maintain a ratio of total debt to annual earnings before interest, taxes, depreciation and amortization (EBITDA) of not greater than 3.25 to 1.00 and a ratio of annual EBITDA to interest payable of not less than 3.00 to 1.00. We were in compliance with these covenants at April 30, 2008. We may use amounts borrowed under this credit facility for general corporate purposes or for future acquisitions or expansion of our business. To date we have not borrowed under the credit facility, but we may borrow under the credit facility from time to time as opportunities and needs arise.

*Liquidity and Capital Resource Requirements*

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

Based on past performance and current expectations, we believe that our cash and cash equivalents, investments, and cash generated from operations will be sufficient to meet anticipated seasonal working capital needs, capital expenditure requirements, contractual obligations, commitments and other liquidity requirements associated with our operations for at least the next 12 months. As discussed above under *"Liquidity and Capital Resources — Auction Rate Securities,"* we do not believe that the reduction in the liquidity of our municipal auction rate securities will have a material impact on our overall ability to meet our liquidity needs.

**Reserves for Returns and Rebates**

Activity in our reserves for product returns and for rebates during the first nine months of fiscal 2008 and comparative balances at April 30, 2007 were as shown in the following table. Due to the seasonality of our business, we compare our returns and rebate reserve balances at April 30, 2008 to the reserve balances at April 30, 2007.

| *(In thousands)* | Balance July 31, 2007 | Additions Charged Against Revenue | Returns/ Redemptions | Balance April 30, 2008 | Balance April 30, 2007 |
|---|---|---|---|---|---|
| Reserve for product returns | $ 25,833 | $ 106,658 | $ (61,396) | $ 71,095 | $ 73,190 |
| Reserve for rebates | 18,918 | 72,741 | (54,736) | 36,923 | 38,282 |

The fiscal 2008 decrease in our reserve for product returns was primarily driven by the timing of returns from retailers compared with fiscal 2007. The fiscal 2008 decrease in our reserve for rebates was due to the discontinuation of our ProSeries Express product and the related rebate program in fiscal 2008 and to the timing of other rebate promotions in fiscal 2008 compared with fiscal 2007.

**Off-Balance Sheet Arrangements**

At April 30, 2008, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

**Contractual Obligations**

We presented our contractual obligations in our Annual Report on Form 10-K for the fiscal year ended July 31, 2007. Except as discussed below, there have been no significant changes in those obligations during the nine months ended April 30, 2008.

*Commitment for Interest Payments on Senior Notes*

In connection with our acquisition of Digital Insight, on March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 and $500 million of 5.75% senior unsecured notes due on March 15, 2017 (together, the Notes). The Notes are redeemable by Intuit at any time, subject to a make-whole premium. Interest is payable semiannually on March 15 and September 15 beginning on September 15, 2007. At April 30, 2008, our maximum commitment for interest payments under the Notes was $366.3 million.

*Commitments for Construction of Data Center*

Due to our evolving business needs, we have begun executing a plan to build a new data center in the state of Washington to support our longer term hosting requirements. In January 2007 we purchased the land on which to build the data center and construction is underway. We expect to begin to occupy this facility in October 2008. At April 30, 2008, we had non-cancellable commitments totaling approximately $38 million for the construction of this data center.

**Recent Accounting Pronouncements**

SFAS 157, *"Fair Value Measurements"*

In September 2006 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *"Fair Value Measurements."* SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. The standard also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require or permit assets or liabilities to be measured at fair value. This standard does not expand the use of fair value in any new circumstances. SFAS 157 is effective for fiscal years beginning after November 15, 2007, which means that it will be effective for our fiscal year beginning August 1, 2008. In February 2008 the FASB issued a Staff Position that partially defers the effective date of SFAS 157 for one year for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 157 will have on our financial position, results of operations or cash flows.

SFAS 159, *"The Fair Value Option for Financial Assets and Financial Liabilities"*

In February 2007 the FASB issued SFAS 159, *"The Fair Value Option for Financial Assets and Financial Liabilities."* SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value. The standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The standard requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. It also requires companies to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. The new standard does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS 157, *"Fair Value Measurements,"* and SFAS 107, *"Disclosures about Fair Value of Financial Instruments."* SFAS 159 is effective for fiscal years beginning after November 15, 2007, which means that it will be effective for our fiscal year beginning August 1, 2008. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 159 will have on our financial position, results of operations or cash flows.

SFAS 141 (revised 2007), *"Business Combinations"*

In December 2007 the FASB issued SFAS 141 (revised 2007), "*Business Combinations."* SFAS 141R will significantly change the accounting for business combinations in a number of areas, including the measurement of assets and liabilities acquired and the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development and restructuring costs. In addition, under SFAS 141R, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will impact the income tax provision. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning after December 15, 2008, which means that it will be effective for our fiscal year beginning August 1, 2009. Early adoption is prohibited. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 141R will have on our financial position, results of operations or cash flows.

SFAS 160, *"Noncontrolling Interests in Consolidated Financial Statements"*

In December 2007 the FASB issued SFAS 160, "*Noncontrolling Interests in Consolidated Financial Statements,*" which establishes accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for business arrangements entered into in fiscal years beginning on or after December 15, 2008, which means that it will be effective for our fiscal year beginning August 1, 2009. Early adoption is prohibited. We are in the process of evaluating this standard and therefore have not yet determined the impact that the adoption of SFAS 160 will have on our financial position, results of operations or cash flows.

## ITEM 3
## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Investments**

We do not hold derivative financial instruments in our portfolio of investments. Our investments consist of instruments that meet quality standards consistent with our investment policy. This policy specifies that, except for direct obligations of the United States government, securities issued by agencies of the United States government, and money market funds, we diversify our investments by limiting our holdings with any individual issuer.

See Note 2 to the financial statements in Part I, Item 1; *"Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources,"* in Part I, Item 2; and *"Risk Factors"* in Part II, Item 1A of this Quarterly Report on Form 10-Q for a description of recent market events that have affected the liquidity of certain municipal auction rate securities that we held at April 30, 2008.

**Interest Rate Risk**

Our cash equivalents and our portfolio of investments and funds held for 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 customers and the value of those investments. Should the Federal Reserve Target Rate increase by 25 basis points from the level of April 30, 2008, the value of our investments and funds held for customers would decline by approximately $0.7 million. Should the Federal Reserve Target Rate increase by 100 basis points from the level of April 30, 2008, the value of our investments and funds held for customers would decline by approximately $2.7 million.

We are also exposed to the impact of changes in interest rates as they affect our $500 million revolving credit facility. Advances under the credit facility accrue interest at rates that are equal to Citibank's base rate or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.18% to 0.575% based on our senior debt credit ratings. Consequently, our interest expense would fluctuate with changes in the general level of these interest rates if we were to borrow any amounts under the credit facility. At April 30, 2008, no amounts were outstanding under the credit facility.

In connection with our acquisition of Digital Insight, on March 12, 2007 we issued $500 million of 5.40% senior unsecured notes due on March 15, 2012 and $500 million of 5.75% senior unsecured notes due on March 15, 2017. Since these senior notes bear interest at fixed rates, they are not subject to market risk due to changes in interest rates.

**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 in effect 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 in our statements of operations.

Since we translate foreign currencies (primarily Canadian dollars, British pounds and Indian rupees) 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, 2008, we did not engage in foreign currency hedging activities.

## ITEM 4
## CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

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

***Changes in Internal Control over Financial Reporting***

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

**PART II**
**ITEM 1**
**LEGAL PROCEEDINGS**

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

**ITEM 1A**
**RISK FACTORS**

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements in this report, other than statements that are purely historical, are forward-looking statements. Words such as “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 and Estimates, including our estimates regarding product rebate and return reserves; stock volatility and other assumptions used to estimate the fair value of share-based compensation; and expected future amortization of purchased intangible assets;
- our belief that the credit quality of our auction rate securities is high and our expectation that we will receive the principal amounts of these securities;
- our belief that the reduction in liquidity of our municipal auction rate securities will not have a material impact on our overall ability to meet our liquidity needs;
- our belief that our exposure to currency exchange fluctuation risk will not be significant in the future;
- our assessments and estimates that determine our effective tax rate and valuation allowance;
- our belief that our cash, cash equivalents and investments will be sufficient to meet our working capital needs, capital expenditure requirements and similar commitments for at least the next 12 months;
- the expected increase in expenditures for property and equipment and capitalized internal use software related to investments in infrastructure, offices and data centers;
- our beliefs regarding seasonality and other trends for our businesses;
- 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;
- our expectations regarding the costs and other effects of acquisition and disposition transactions; 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. We encourage you to read carefully all information provided in this Quarterly Report and in our other filings with the Securities and Exchange Commission before deciding to invest in our stock or to maintain or change your investment. These forward-looking statements are based on information as of the filing date of this Quarterly Report, and we undertake no obligation to publicly revise or update any forward-looking statement for any reason.

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

- *We face intense competitive pressures in all of our businesses that may harm our operating results.*
- *Future revenue growth for our core products depends upon our successful introduction of new and enhanced products and services.*
- *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.*
- *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.*
- *Our businesses collect, use and retain personal customer information and enable customer transactions, which presents security risks, requires us to incur expenses and could harm our business.*
- *Our revenue and earnings are highly seasonal and our quarterly results fluctuate significantly.*
- *The growth of our business depends on our ability to adapt to rapid technological change.*
- *Interruption or failure of our information technology and communications systems could compromise the availability and security of our online products and services, which could damage our reputation and harm our operating results.*
- *Our reliance on a limited number of manufacturing and distribution suppliers could harm our business.*
- *As our product and service offerings become more complex our revenue streams may become less predictable*.

- *We face a number of risks in our merchant card processing business that could result in a reduction in our revenue and earnings*.
- *Risks associated with our financial institutions business may harm our results of operations and financial condition*.
- *Our dependence on a small number of larger retailers and distributors could harm our results of operations.*
- *Increased government regulation of our businesses could harm our 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.*
- *If we encounter problems with our third-party customer service and technical support providers our business will be harmed.*
- *We are exposed to risks associated with credit card and payment fraud and with credit card processing.*
- *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.*
- *Third parties claiming that we infringe their proprietary rights could cause us to incur significant legal expenses and prevent us from selling our products.*
- *We expect copying and misuse of our intellectual property to be a persistent problem causing lost revenue and increased expenses.*
- *We do not own all of the software, other technologies and content used in our products and services.*
- *Our acquisition and divestiture activity could disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions.*
- *We have issued $1 billion in a debt offering and may incur other debt in the future, which could adversely affect our financial condition and results of operations.*
- *If actual product returns exceed returns reserves our financial results would be harmed.*
- *Acquisition-related costs and impairment charges can cause significant fluctuation in our net income.*
- *If we fail to operate our payroll business effectively our revenue and earnings will be harmed.*
- *Interest income attributable to payroll customer deposits may fluctuate or be eliminated, causing our revenue and earnings to decline.*
- *We may be unable to attract and retain key personnel.*
- *We are frequently a party to litigation that is costly to defend and consumes the time of our management.*
- *Unanticipated changes in our tax rates could affect our future financial results.*
- *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.*
- *Business interruptions could adversely affect our future operating results.*

This list does not include all risks that could affect our business, and if these or any other risks or uncertainties materialize, or if our underlying assumptions prove to be inaccurate, actual results could differ materially from past results and from our expected future results.

Our Annual Report on Form 10-K for the fiscal year ended July 31, 2007 lists in more detail various important risk factors facing our business in Part I, Item 1A under the heading *"Risk Factors."* Except as set forth below, there have been no material changes from the risk factors disclosed in that section of our Form 10-K. We incorporate that section of the Form 10-K into this filing and encourage you to review that information. We also encourage you to review our other reports filed periodically with the Securities and Exchange Commission for any further information regarding risks facing our business.

***Our investments in auction rate securities are subject to risks that may cause losses and affect the liquidity of these investments.***

At April 30, 2008, we held approximately $292 million in AAA-rated municipal auction rate securities that were classified as long-term assets. Beginning in February 2008, a decrease in liquidity in the global credit markets caused auctions to fail for substantially all the municipal auction rate securities we held. We may not be able to liquidate these investments and realize their full carrying value unless a successful auction occurs, a buyer is found outside of the auction process, the issuer calls the security, the issuer repays principal over time from cash flows prior to contractual maturity, or the security matures according to contractual terms. We do not believe the carrying values of these municipal auction rate securities are impaired. However, if the issuers of these securities are unable to call the securities or successfully close future auctions and their credit ratings are lowered, we may be required to record future impairment charges related to these investments, which would harm our results of operations. If we are unable to find alternate means to liquidate these investments, we may not realize the value of the investments until the final maturity of the underlying securities (up to 39 years).

**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, 2008 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, 2008 through February 29, 2008 | 4,683,267 | $ 28.41 | 4,683,267 | $ 166,934,756 |
| March 1, 2008 through March 31, 2008 | 4,552,829 | $ 26.93 | 4,552,829 | $ 44,326,437 |
| April 1, 2008 through April 30, 2008 | 1,589,512 | $ 27.89 | 1,589,512 | $ — |
| Total | 10,825,608 | $ 27.71 | 10,825,608 | |

**Notes:**

1. All shares purchased as part of publicly announced plans during the three months ended April 30, 2008 were purchased under a plan we announced on May 17, 2007 under which we were authorized to repurchase up to $800 million of our common stock from time to time over a three-year period ending on May 14, 2010. No authorized amounts remained available under our stock repurchase programs at April 30, 2008. On May 20, 2008 we announced a new stock repurchase program under which we are authorized to repurchase up to $600 million of our common stock from time to time over a three-year period ending on May 15, 2011.

Table of Contents

**ITEM 6**
**EXHIBITS**

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

| Exhibit Number | Exhibit Description | Filed Herewith | Incorporated by Reference |
|---|---|---|---|
| 10.01+ | Intuit Inc. 2005 Equity Incentive Plan, as amended on April 23, 2008 (incorporated by reference to Exhibit 10.01 of the report on Form 8-K filed by the Registrant on April 28, 2008) | | X |
| 10.02# | Third Amendment to Master Services Agreement between Intuit and Arvato Digital Services, LLC, successor in interest to Arvato Services, Inc., effective April 1, 2008 | X | |
| 31.01 | Certification of Chief Executive Officer | X | |
| 31.02 | Certification of Chief Financial Officer | X | |
| 32.01 | Section 1350 Certification (Chief Executive Officer) | X | |
| 32.02 | Section 1350 Certification (Chief Financial Officer) | X | |

+ Indicates a management contract or compensatory plan or arrangement.

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

**SIGNATURES**

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

**INTUIT INC.**
**(Registrant)**

Date: May 30, 2008

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

**EXHIBIT INDEX**

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| 31.02 | Certification of Chief Financial Officer | X | |
| 32.01 | Section 1350 Certification (Chief Executive Officer) | X | |
| 32.02 | Section 1350 Certification (Chief Financial Officer) | X | |

+ Indicates a management contract or compensatory plan or arrangement.

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

**Exhibit 10.02**

**Pursuant to 17 C.F.R §240.24b-2, confidential information (indicated as [*]) has been omitted and filed separately with the SEC pursuant to an application for confidential treatment.**

**Amendment 3 to**

**INTUIT MASTER SERVICES AGREEMENT**

This Amendment 3 (“Amendment 3”), dated as of April 1, 2008 (“Amendment Effective Date”), to the INTUIT MASTER SERVICES AGREEMENT dated May 28, 2003 (the “Agreement”), is by and between **Intuit Inc.**, 2535 Garcia Avenue, Mountain View, CA 94043 (“Intuit”) and **Arvato Digital Services LLC,** successor in interest to **Arvato Services, Inc.** (“Arvato”, “ADS” or “Contractor”).

## RECITALS

WHEREAS, Intuit and Contractor entered into the Agreement;

WHEREAS, Intuit and Contractor each desires to amend the terms of the Agreement as described in this Amendment;

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the Parties hereto agree as follows:

## TERMS

Unless defined herein, words used in this Amendment 3 as defined terms shall have the same meanings herein as in the Agreement.

The parties agree that the Agreement is modified and amended as follows:

**1. Change of Entity.**

All references in the Agreement to “Arvato Services, Inc.” are hereby amended to refer to Arvato Digital Services LLC (“Arvato”, “ADS” or “Contractor”).

**2. Section 2(f) Services is deleted and replaced in its entirety with the following:**

During the term of any Statement of Work, if any change in the scope of the Services being performed under such Statement of Work occurs, either party may propose a change or additions to the work. Such changes may affect the scope or duration of the Services relating to any such Statement of Work, including changes in the specifications and changes in any deliverables to be delivered. The following procedures shall apply to any proposed change. Contractor promptly shall assign a member of its team to define and describe the change (an “Assessment”), and to notify Intuit of the cost and/or the impact on the schedule set forth in the applicable Statement of Work if Contractor believes that an adjustment in the fees to be paid to

Contractor with respect to the applicable Statement of Work, or an adjustment to the applicable performance or delivery schedule, is required. If such change is initiated or caused by Intuit, Contractor shall invoice Intuit for the work described in the immediately preceding sentence at the rate of the applicable team member and pre-approved in writing by Intuit, all as set forth in such Statement of Work. In the event Contractor initiates or causes such a change, Contractor shall not charge Intuit for such Assessment. Intuit also may request a change in the schedule without changing the scope of the Services relating to the applicable Statement of Work. In either case, the parties shall follow the above procedures and negotiate in good faith a reasonable and equitable adjustment in the applicable fees, schedule and specifications. Once the scope of the change has been determined, the parties shall determine jointly whether the change should be implemented, deferred until a later phase or project, or abandoned. In the event the parties tentatively agree upon a present or future implementation of a change, such agreement shall take effect only as set forth in a written amendment to the applicable Statement of Work executed by both parties. Contractor shall continue work pursuant to the existing Statement of Work, and shall not be bound by any change requested by Intuit, until such change has been agreed upon in writing by the parties as specified herein. From time to time, an email communication from Intuit to Contractor requesting a change and an email from Contractor acknowledging and agreeing to such will suffice as written agreement for purposes of this Section. To the extent that the agreed upon change would result in a material adjustment of Contractor's processes or to other long-term aspects of the Services that may impact Contractor's costs, the parties shall, notwithstanding such prior email communications or subsequent actions pursuant thereto, initiate the formal change request process described above.

**3. The following is hereby made a part of the Agreement as Section 2(h) Services:**

Intuit may deem it necessary that a third party auditing company perform an audit of Contractor's processes. Upon Intuit's written request, which may be made once per year, Contractor agrees to, within a commercially reasonable period of time thereafter, at Intuit's expense, engage a reputable outside auditing firm reasonably acceptable to Intuit and Contractor, to perform such audit. Intuit and Contractor shall select such auditor within fifteen (15) days following Intuit's request. Contractor shall share the auditor's report generated in connection with such audit with Intuit, which report shall be in accordance with AICPA Statement of Auditing Standards No. 70, "Service Organizations," (SAS 70), and shall be in the form of a SAS 70 type 2 report as defined in such standards. In the event such audit detects a material weakness in Contractor's processes that has been demonstrated to have resulted in adverse business impact actually suffered by Intuit, Contractor agrees to correct such weakness(es) within a commercially reasonable period of time and to provide Intuit with written notice that such weakness has been corrected and the measures taken to perform such correction. To the extent that such material weakness has been demonstrated to have adversely impacted Intuit's business, Contractor shall [*].

**4. Section 3 Testing and Acceptance shall be deleted and replaced in its entirety with the following:**

To the extent a particular Statement of Work specifically identifies Services or deliverables for which Intuit's acceptance is required, Intuit may, in accordance with any additional terms set forth in an applicable Statement of Work, conduct acceptance tests to verify whether the Services and/or the deliverables substantially conform to the applicable specifications set forth in the applicable Statement of Work or any written documentation provided by Contractor for the Services and/or deliverables.

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Intuit shall have fifteen (15) days after completion of the applicable Services, or such other period as may be mutually agreed upon as set forth in the applicable Statement of Work (the "Acceptance Period"), to perform such tests. If Intuit notifies Contractor of any material non-conformities with such specifications in any of the Services and/or the deliverables (each, a "Nonconformity" and collectively, the "Non-conformities") in writing within the applicable Acceptance Period, Contractor promptly shall either demonstrate to Intuit that no such Non-Conformities exist or use commercially reasonable efforts to correct such Non-conformities at its own expense and notify Intuit in writing when such corrections are complete. Intuit then shall have the right to test the corrected Services and/or deliverables, as upon the initial completion of the applicable Services as set forth above. If Intuit accepts the Services and/or deliverables, as determined by Intuit as set forth above, Intuit shall notify Contractor in writing of such acceptance. If Intuit does not notify Contractor of any material Non-conformities within the applicable Acceptance Period, Intuit shall be deemed to have accepted the Services and/or the deliverables. Should Contractor fail to correct a Nonconformity within ten (10) calendar days after receiving written notice thereof from Intuit, or such time period as may be mutually agreed upon in writing by the parties, which period must be of reasonably sufficient duration to correct such Nonconformity, Intuit may terminate the applicable Statement of Work, without prejudice to its rights and remedies hereunder and without any further obligation to Contractor other than the payment to Contractor of any and all fees incurred by Contractor through the effective date of such termination pursuant to the applicable Statement of Work.

In the event that Intuit is [*], Intuit reserves the right to [*] acceptable to Arvato to [*]. If the [*], ADS shall [*].

**5. Section 4(b) Compensation and Payment is deleted and replaced in its entirety with the following:**

Contractor will submit to Intuit monthly reports as reasonably requested by Intuit and (i) daily invoices for cost of goods sold (materials and labor), as shipment occurs, and (ii) monthly invoices for all other items, including management fees, fulfillment fees, additional packaging materials, freight, and other expenses, accompanied by reasonably detailed descriptions of the Services performed during the relevant preceding period, the fees related thereto, prior approved disbursements and out-of-pocket expenses then due.

If permitted in a Statement of Work, Contractor shall invoice Intuit for travel expenses in accordance with Intuit's then-current reimbursable expenses guidelines. Unless reimbursement for travel expenses is expressly stated in a Statement of Work, however, Contractor shall bear all travel expenses of its employees and/or agents. The current version of such expense guidelines is attached hereto as **Exhibit G.** Intuit will provide reasonable advance written notice to Contractor of any material amendment to **Exhibit G.** Contractor will mail invoices to Intuit Inc., Attn: Accounts Payable, 7535 Torrey Santa Fe Rd, San Diego, California 92129 or such other address as Intuit shall designate in writing from time to time. Invoices must reference the number and date of the relevant Statement of Work and must be received by Intuit within six (6) months after the completion of any Statement of Work. Unless otherwise set forth in a Statement of Work or otherwise agreed by the parties, any invoices not received within such six (6) month time period shall be deemed forgiven by Contractor.

**6. Section 4(c) Compensation and Payment is deleted and replaced in its entirety with the following:**

All undisputed payments will be made by Intuit within twenty (20) days after the receipt by Intuit of any invoice, and mailed to Contractor at its address specified in the invoice. If Intuit pays any invoice within ten (10) days of receipt by Intuit of such invoice, such invoice shall be discounted by Contractor by one percent (1%) of the total amount of the invoice. This discount will apply to all services except for Retail Freight. Any applicable discounts shall be calculated from the later of the receipt of the invoice by Intuit or the date any deliverable is received by Intuit at the designated Intuit location with respect to any Statement of Work executed under this Agreement. In the event that Intuit in good faith disputes any invoice rendered or amount paid, Intuit will notify Contractor in writing and the parties shall work together to resolve such dispute expeditiously, all in accordance with **Section 14(c)** of this Agreement and the time for payment of the disputed invoice shall be extended until resolution of the dispute.

**7. Section 4(d) Compensation and Payment is deleted and replaced in its entirety with the following:**

Contractor shall detail in each invoice provided under this Agreement applicable taxes for goods and services, and shall separately state the different types of taxes by the type of tax Intuit shall pay on products and services, if any, sold or provided by Contractor to Intuit (sales, use, etc.). Intuit shall bear all applicable taxes, duties, levies, and other similar charges (and any related interest and penalties), however designated, imposed as a result of the existence or operation of this Agreement, including but not limited to any tax which Intuit is required to withhold or deduct from payments to Contractor unless Intuit provides a valid resale/exemption certificate that will relieve the Contractor from all sales/use tax liabilities. Intuit will reimburse and indemnify Contractor for any such taxes and contributions and interest and penalties that Contractor may be compelled to pay on account of Intuit's non-payment.

**8. Section 6 (a) Term/Termination is deleted and replaced in its entirety with the following:**

Unless otherwise terminated in accordance with this Agreement, the term of this Agreement shall begin on the Effective Date and will continue until 9/15/11 and shall be automatically extended to the expiration or termination date of any SOWs then outstanding. Upon mutual written agreement of the parties, this Agreement will be renewed for additional agreed upon periods of time.

**9. The following is added to the Agreement as Section 6(g) Term/Termination:**

Prior to the effective date of the termination or expiration of this Agreement, Intuit and Contractor shall develop a mutually acceptable plan designed to permit Intuit to transition the Services in a seamless manner to a succeeding service provider. Contractor agrees to cooperate with the transition to another service provider and to provide reasonable assistance to Intuit [*] . The parties agree that the costs and other terms for the above services will be mutually negotiated by the parties in good faith at the time Intuit notifies Contractor of Intuit's desire to transition to a succeeding service provider. Contractor agrees that in no event [*] Intuit for [*] Contractor [*]. In no event, however, will Contractor be required to disclose its Confidential Information to such succeeding service provider in connection with the foregoing.

**10. Section 12 Insurance is deleted and replaced in its entirety with the following:**

Contractor will, at Contractor's expense, maintain insurance policies that cover Contractor's activities under this Agreement and the activities of Contractor's employees, agents and representatives, including, but not limited to, workers compensation insurance and comprehensive general liability with minimum limits of insurance of $[*]. In addition, Contractor will carry commercial crime insurance (with coverage for employee dishonesty, theft / disappearance or destruction, deposit forgery or computer fraud) with coverage of not less than $[*]. All of Contractor's policies will be underwritten by reputable insurers who are licensed to do business in the State of California. Contractor will name Intuit as an additional insured on each such policy. Upon the request of Intuit, Contractor shall provide Intuit with a certificate of insurance evidencing such coverage. In addition, Contractor will provide Intuit ten (10) days advance written notice of any cancellation or reduction in coverage or limits.

**11. Section 13 Limitation of Liability is deleted and replaced in its entirety with the following:**

EXCEPT FOR A BREACH OF CONFIDENTIALITY OR IN CONNECTION WITH A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER **SECTION 11**, ABOVE, IN NO EVENT WILL (i) EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, WHETHER OR NOT THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, OR (ii) THE LIABILITY OF EITHER PARTY TO THE OTHER PARTY FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, EXCEED THE GREATER OF (i) [*] DOLLARS ($[*]) OR (ii) THE AMOUNTS PAID (OR IN THE CASE OF INTUIT, PAID AND DUE AND PAYABLE) BY INTUIT TO CONTRACTOR HEREUNDER DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE CLAIM.

**12. Section 14(e) Notice is deleted and replaced in its entirety with the following:**

Unless otherwise stated, all notices required under this Agreement shall be in writing and shall be considered given (i) when delivered personally; (ii) five (5) days after mailing, when sent certified mail, return receipt requested and postage prepaid; (iii) one (1) business day after dispatch, when sent via a commercial overnight carrier, fees prepaid; or (iv) upon delivery when sent by facsimile transmission confirmed by telephone and followed by notice sent in accordance with clause (i), (ii) or (iii) above. All communications will be addressed as follows (unless changed by notice):

| To Contractor: | with a copy to: |
| --- | --- |
| Attn: Chief Financial Officer<br>Address:<br>Arvato Digital Services LLC<br>29011 Commerce Center Drive<br>Valencia, California 91355<br><br>Phone: (661) 702-7623<br>Fax: (661) 257-1986 | Attn: Vice President, Legal Affairs<br>Address:<br>Bertelsmann, Inc.<br>1745 Broadway, 7th Floor<br><br>New York, New York 10019<br>Phone: (212) 782-1142<br>Fax: (212) 782-1042 |
| **To Intuit:** | **with a copy to:** |
| Attn: Luke Tapsall, | Intuit Inc. |

| To Intuit: | with a copy to: |
| --- | --- |
| Vendor Mgr for ADS Direct Services<br>Address: Intuit Inc.<br>2632 Marine Way, M/S MPK 01-03<br>Mountain View, CA 94043<br>Phone: 650-944-2082<br>Fax: 650-944-3033 | 2700 Coast Avenue<br>Mountain View, California 94043<br>Attn: General Counsel, Legal Dept.<br>Phone: (650) 944-6000<br>Fax: (650) 944-6622 |

Attn: Steve Scheid
Vendor Mgr for ADS Retail Services
Address: Intuit Inc.
2632 Marine Way, M/S MPK 01-03
Phone: 269-983-8773
Fax: 650-944-3033

**13. The following shall be added to the Agreement as Section 14(m) Business Continuity:**

(i) Contractor shall: (1) be responsible for business continuity of operations as to the products and services to be provided under the Supply Agreement; (2) within sixty (60) days after the Effective Date, submit to Intuit for approval Contractor's business continuity plan ("Business Continuity Plan") that mitigates and minimizes Intuit service interruptions; and (3) update the Business Continuity Plan to reflect changes in technology and industry standards no less than once a year.

(ii) Contractor shall provide Intuit reasonable assistance in Intuit's assessment of Intuit's business continuity requirements and provide, for Intuit's approval at Intuit's expense, a set of alternatives for the development of a viable Intuit business continuity program, and the estimated fees associated with each alternative.

(iii) Contractor shall immediately provide Intuit with written notice of any service failure under this Agreement due to any of the events specified in Section 14(f) of this Agreement and shall use commercially reasonable efforts to immediately implement the Business Continuity Plan with regard to such failure.

(iv) In the event of a Force Majeure, Contractor shall not charge Intuit any fees in excess of the fees set forth in the applicable Statement of Work.

(iv) Whenever a Force Majeure requires that Contractor allocate limited resources between or among its customers, Intuit shall receive no less priority in respect to such allocation than any of Contractor's other customers.

(v) Upon request by Intuit, Contractor shall provide a copy of its Business Continuity Plan, Disaster Recovery Plan, and a copy of its annual Business Continuity and Disaster Recovery exercises.

**14. Exhibit E — Intuit Service Provider Privacy Exhibit is deleted and replaced in its entirety with Exhibit E attached hereto.**

**15. Exhibit F — Intuit Security Requirements is deleted and replaced in its entirety with Exhibit F attached hereto.**

**16. Counterparts and Facsimile Delivery**.

This Amendment 3 may be executed in two or more identical counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute Amendment 3 when a duly authorized representative of each party has signed and delivered to the other party a counterpart.

**17. Effectiveness of Agreement**.

Except as expressly provided herein, nothing in this Amendment 3 shall be deemed to waive or modify any of the provisions of the Agreement, which otherwise remains in full force and effect. In the event of any conflict between the Agreement and this Amendment 3, this Amendment 3 shall prevail with respect to the subject matter hereof.

**IN WITNESS WHEREOF**, the undersigned have executed this Amendment 3 as of the Amendment Effective Date.

| **INTUIT INC.** | **ARVATO DIGITAL SERVICES LLC** |
| --- | --- |
| By: /s/ SCOTT BETH | By: /s/ Jan Icking |
| Name: Scott Beth | Name: Jan Icking |
| Title: VP, Procurement | Title: CFO |
| Date: April 4, 2008 | Date: April 7, 2008 |

**Exhibit E**
Intuit 3rd Party Privacy Exhibit

1. INTRODUCTION

1.1. This Intuit Privacy Exhibit governs the manner in which specified customer-related information may be handled or processed by the 3rd Party. Intuit may impose different or additional restrictions as identified according to country of origin, transmission, or processing; type of data; or type of processing.

2. DEFINITIONS

2.1. "Affiliate Companies" shall mean any companies controlling, being controlled by, or under common control with another company.

2.2. "Individual" shall mean, unless otherwise indicated, any natural person.

2.3. "Intuit" shall mean Intuit Inc. and its Affiliate Companies.

2.4. "Opt-out" shall mean the opportunity afforded to individuals to decline to have their Personal Information used for purposes other than as necessary to provide the product or service for which the Personal Information is collected.

2.5. "Opt-in" shall mean the active, affirmative permission granted by individuals to have their Personal Information used for specified purposes.

2.6. "3rd Party" shall mean the party entering into an agreement with Intuit, into which this Exhibit has been incorporated by reference, as well as all Affiliate Companies of said 3rd Party.

2.7. "Personal Information" ("PI") shall mean any factual or subjective information the, by itself or in combination, (i) identifies or can be used to identify, contact, or locate an individual, (ii) pertains to an individual, or (iii) is defined as personal information under applicable personal data protection laws . PI includes, but is not limited to: name, address, phone number, fax number, email address, financial profile, medical information or profile, social security number, credit card information, personal profile, age, income, credit information, unique identifier, biometric information, and IP address associated with PI, an individual. PI. For the purposes of this Exhibit, information about an individual in the business context is considered Personal Information. For example, business contact information is considered Personal Information.

2.8. "Sensitive Personal Information" shall mean any information that identifies or suggests an individual's health, trade union membership, religion or philosophy, race, ethnicity, politics, or sex life; or that could be misused in such a way as to jeopardize the financial or legal position of its owner or cause personal embarrassment. Examples of sensitive personal information include but are not limited to: social security or services number, national ID number, credit card information, bank account information, physical or mental health status, genetic information.

3. 3RD PARTY RESPONSIBILITIES — GENERAL

3.1. Intuit maintains a compilation of internal privacy policies that govern how Intuit and its 3rd Parties handle Intuit Personal Information. These policies follow Safe Harbor principles. The 3rd Party shall apply each of these Safe Harbor principles as applicable when handling Intuit Personal Information:

3.1.1. Notice — Offer clear, conspicuous notice before collection of Personal Information from any individual.

3.1.2. Choice — Provide individuals choice regarding secondary uses of personal information, including but not limited to marketing-related uses; and before sharing Personal Information with other 3rd Parties not acting as agent.

3.1.3. Security — Provide adequate protections against unauthorized access and exposure of Personal Information, commensurate with the sensitivity of the Personal Information.

3.1.4. Data Integrity — Take reasonable steps to ensure that Personal Information is relevant, reliable for its intended use, accurate, complete, and current.

3.1.5. Access — Take reasonable measures to provide individuals the ability to view, and in some cases, amend or correct, Personal Information.

3.1.6. Enforcement — Provide specific mechanisms for ensuring compliance with principles, recourse, and consequences for non-compliance.

3.2. Each party shall comply with this Exhibit and all applicable laws, rules and regulations relating to the collection or use of Intuit Personal Information. The 3rd Party agrees to [*] of this Exhibit [*] with access to Intuit Personal Information.

3.3. The 3rd party shall document in writing Personal Information handling procedures designed to implement technical and organization measures to protect Intuit Personal Information as required by applicable laws and this Exhibit. The 3rd Party will train employees/contractors/vendors on and implement said procedures in a way that produces the same degree of care, but never less than a reasonable degree of care, to prevent the unauthorized collection, use, sharing, retention/destruction, and other inappropriate or prohibited Personal Information handling practices. These written and actual Personal Information handling procedures are subject to approval by Intuit. Any substantive deviation from said procedures must by approved by Intuit in writing.

3.4. The 3rd Party shall provide access to Intuit Personal Information to only those employees, contractors, vendors or authorized agents who (i) have a need to view them in order to performance of authorized work, (ii) are trained in the proper handling of Intuit Personal Information, and (iii) are subject to an obligation to handle Intuit Personal Information in ways at least as restrictive as those practices outlined in this Exhibit. The 3rd Party and its authorized agents and vendors shall never sell, rent, or lease Intuit Personal Information to any individual or organization.

3.5. The 3rd Party shall under no circumstances collect, access, use, store, destroy, reproduce, disclose, or otherwise handle or process Intuit Personal Information other than as specifically authorized by this or the agreement into which this Exhibit is incorporated. Should the 3rd Party become legally obligated to handle Intuit Personal Information other than as permitted by this Exhibit or the associated agreement, it shall, unless legally prohibited from doing so, first provide notice to Intuit.

3.6. The 3rd Party shall maintain such records as are applicable to demonstrate its compliance with this Exhibit and shall permit Intuit, or a third party chosen by Intuit and reasonably acceptable to the 3rd Party, to audit 3rd Party's records and practices relating to its obligations under this Exhibit upon reasonable notice and during regular business hours, and at Intuit's expense, at the locations where such records and data are maintained, for purposes of verifying the 3rd Party's compliance. Intuit shall be provided with a description of all data flows, practices and uses, and names of individuals with access to the Intuit Personal Information. All such data flows, practices, uses of Personal Information, and categories of individuals with access to that Personal Information are subject to approval by Intuit.

3.7. The 3rd Party shall immediately report to Intuit any failure to treat or protect — including specifically any actual or suspected accidental exposure or unauthorized use or disclosure of — Intuit Personal Information as set forth in this Exhibitor the agreement into which it is incorporated, including any related complaints about 3rd Party's information and collection practices, and to consult with Intuit as to correction thereof. The 3rd Party agrees that Intuit shall have the right to participate in the breach investigation, and control and direct any response and/or correction of any such breach.

3.8. The 3rd Party designates the following person as its Privacy Exhibit Coordinator. This Privacy Exhibit Coordinator will (i) maintain responsibility for applying adequate protections to Intuit Personal Information, (ii) oversee application of 3rd Party compliance with Exhibit requirements, and (iii) serve as a single point of contact for internal communications and communications with Intuit pertaining to this Exhibit and compliance with or any breaches thereof.

COMPANY: Arvato Digital Services LLC

Designated Privacy Exhibit Coordinator:

Title:

Phone:

Email:

Mailing Address:

3.9 Intuit may propose Amendments of this Exhibit from time to time, with reasonable notice, as may be required by law or updated Intuit policies, and as promptly as practicable, Intuit will provide notice to the 3rd Party of any such requirements of which Intuit becomes aware. 3rd Parties not willing or able to change practices that are required by law in accordance with such Amendments may be given sixty (60) days written notice prior to the date of effectiveness of the lawful requirements of termination of the Agreement. 3rd Parties not willing or able to change practices that are required by Intuit policies in accordance with such Amendments may be given reasonable advance written notice by Intuit to comply or terminate the Agreement. Any Amendments shall be signed by both Intuit and the 3rd Party and may entail reasonable and commensurate additional costs, if applicable, for upholding the increased Privacy requirements, as required by law or by Intuit.

4. 3RD PARTY RESPONSIBILITIES — SPECIFIC.

The following provisions shall not be applicable except to the extent that Intuit and the 3rd Party execute a Statement of Work requiring that the 3rd Party handles Personal Information of residents of the relevant jurisdiction listed below. The parties shall jointly determine the precise requirements applicable to Intuit and the 3rd Party as to such jurisdiction based on the Reference Laws and Requirements referred to below:

a. Italy

i. The 3rd Party recognizes that some Intuit personal data may pertain to residents of the Italian Republic, and may be governed by Italian privacy and data protection laws. The 3rd Party agrees to review and apply, with Intuit supervision and approval, all such pertinent data protection requirements.

ii. Reference Laws and Requirements: The Italian legal framework provides for some protections additional to those outlined previously in this document. These differences include but are not limited to:

Constitutional requirements (Italian Constitution, Articles 14, 15) pertaining to:

Limits on inspection and search of personal domicile. Guarantees of liberty and secrecy of correspondence of every form of communication.

Italian Data Protection Code, enforced by the *Garante* Defines “personal data” as “any information relating to *natural or legal* persons, bodies, or associations that are or can be identified, even indirectly, by reference to any other information including a personal identification number. Unless noted, follows the European Union Data Protection Directive (95/46/EC) and European Union Directive on Privacy and Electronic Communication (2002/58/EC) guidelines.
Provides special protections for health information.

Considers unsolicited commercial email to be an act of “theft” and prohibits the sending of unsolicited email.

Provides for especially harsh criminal and civil penalties for non-compliance.

b. One or more Member States of the European Union

i. The 3rd Party recognizes that some Intuit personal data may pertain to residents of one or more European Union Member States, and may be governed by European Union privacy and data protection laws. The 3rd Party recognizes that Intuit privacy policies are based around the Safe Harbor framework, a set of principles that form the basis of an “adequacy” determination that predicates legal transmission from any European Union Member State to a non-European Union country. The 3rd Party agrees to apply these Safe Harbor principles in a way that at least meets and can exceed Safe Harbor requirements.

ii. Reference Laws and Requirements: The European Union legal framework provides for some protections additional to those outlined previously in this document. These differences include but are not limited to:

Safe Harbor, as established by the US Department of Commerce and overseen by the US Federal Trade Commission and Department of Transportation.

European Union Data Protection Directive (95/46/EC)

European Union Directive on Privacy and Electronic Communication (2002/58/EC)

c. Australia

i. The 3rd Party recognizes that some Intuit personal data may pertain to residents of Australia and may be governed by Australian privacy and data protection laws. The 3rd Party agrees to review and apply, with Intuit supervision and approval, all such pertinent data protection requirements.

ii. Reference Laws and Requirements: The Australian legal framework provides for some protections additional to those outlined previously in this document. These differences include but are not limited to:

Privacy Act of 1988
Applies the National Privacy Principles.
Imposes special considerations for credit reporting.
Imposes special considerations for tax information.
Spam Act of 2003: Prohibits unsolicited electronic messages, including email, SMS, IM, and MMS; requires opt-out, and requires accurate sender address
State Laws — some Australian states have also enacted privacy laws, including but not limited to the Privacy and Personal Information Protection Act (1998) of New South Wales.

d. Canada

i. The 3rd Party recognizes that some Intuit personal data may pertain to residents of Canada and may be governed by Canadian privacy and data protection laws. The 3rd Party agrees to review and apply, with Intuit supervision and approval, all such pertinent data protection requirements and abide by the Canadian Model Code for the Protection of Personal Information: accountability, purpose specification, use limitation, data quality, security safeguards, openness, and individual participation.

ii. Reference Laws and Requirements: The Canadian legal framework provides for some protections additional to those outlined previously in this document. These differences include but are not limited to:

PIPEDA, PIPA, and the Act Respecting the Protection of Personal Information in the Private Sector.

Applies the Model Code for the Protection of Personal Information (CAN/CSA-Q830-96). Limits Personal Information collection, use, or disclosure only for purposes that a reasonable person would consider are appropriate to the circumstances. Requires notice and opt-out before collecting, using, or disclosing personal information.

Requires consent for communication or use of personal information for specific purposes and for a defined period of time.

e. United Kingdom

i. The 3rd Party recognizes that some Intuit personal data may pertain to residents of the United Kingdom and may be governed by United Kingdom privacy and data protection laws. The 3rd Party agrees to review and apply, with Intuit supervision and approval, all such pertinent data protection requirements and the associated eight data protection principles.

ii. Reference Laws and Requirements: The United Kingdom legal framework provides for some protections additional to those outlined previously in this document. These differences include but are not limited to:

Data Protection Act of 1998 and the Employment Practices Data Protection Code of 2004.

Unless noted, follows the European Union Data Protection Directive (95/46/EC) and European Union Directive on Privacy and Electronic Communication (2002/58/EC) guidelines.
Applies the eight data protection principles: Personal Information should be:

1. Fairly and lawfully processed
2. Processed for limited purposes
3. Adequate, relevant and not excessive
4. Accurate and up to date
5. Not kept for longer than is necessary
6. Processed in line with individuals' rights
7. Secure
8. Not transferred to other countries without adequate protection

Provides for rights of individuals to access information about their Personal Information, and the right to change inaccurate Personal Information.

- Note that the Scottish Parliament has approved a stronger Freedom of Information Act, and that territories (Isle of Man, Bailiwick of Guernsey, and Jersey) have also approved additional data protection acts.

## EXHIBIT F

## Intuit Comprehensive Security Requirements

**Definitions**

For the purposes of this Exhibit, the following definitions shall apply.

***Confidential Information:*** Information which (i) is proprietary to, about, or created by a specific person or company; (ii) gives the specified person or company some competitive business advantage or the opportunity of obtaining such advantage, or the disclosure of which could be detrimental to the interests of the specified person or company; (iii) is designated as Confidential Information by the specified person or company, or from all the relevant circumstances should reasonably be assumed by the receiving party to be confidential and proprietary to the specified person or company.

The following subcategories of Confidential Information are also defined:

- *Secret Information:* Information that is used to protect other Confidential Information. Generally, Secret Information is not disclosed to outside parties under any circumstances.
- *Sensitive Information:* Any information that could be misused in such a way as to jeopardize the financial or legal position of its owner, or of the person or company described by the information.
- *Restricted Information:* Information that is not secret or Sensitive, but whose permissible use has been restricted by its owner.

Confidential Information includes, but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing or designated as Confidential):

**a** **Personally-Identifiable Information**. Information that identifies or can be used to identify, contact, or locate the person to whom such information pertains. It includes, without limitation, the following information:

- *Secret Information:* Customer passwords, private encryption keys, and private signature keys.
- *Sensitive Information:* Customer account numbers, Social Security numbers, taxpayer identification numbers, account balances, account activity, financial information, medical records, legal records, and records of customer services and other data relating to the products and services offered, received, or purchased by customers of Intuit or the Company.
- *Restricted Information:* Customer names, customer street or e-mail addresses, customer telephone numbers.

**b** **Confidential Corporate Information,** consisting of any of the following:

- *Secret Informatio*n: Computer account IDs, passwords for computer or database systems, private encryption keys, SSL keys, computer source code relating to encryption / decryption, special access privileges, known security vulnerabilities, the results of security audits and reviews, and any information explicitly designated Secret by Intuit or by Company.
- *Sensitive Information: Any of the following:*

  (i) *Work Products:* Work product resulting from or related to work or projects performed or to be performed for Intuit or the Company, or for customers of Intuit or the Company (including all media on which such information is contained);

  (ii) *Business Operations:* Internal Intuit or Company personnel and financial information, names and other information about Service Providers (including without limitation Service Provider characteristics, services and agreements), purchasing and internal cost information, internal services and operational manuals, and the manner and methods of conducting Intuit's or the Company's business;

(iii) *Marketing and Development Operations:* Marketing and development information regarding Intuit's or the Company's operations (including without limitation marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies of Intuit or the Company which have been or are being discussed);

(iv) *Other Proprietary Data:* Information relating to Intuit's or the Company's proprietary business information (including without limitation information pertaining to business transactions and financial performance) or proprietary rights prior to any public disclosure thereof, and information regarding acquiring, protecting, enforcing and licensing proprietary rights (including without limitation patents, copyrights and trade secrets).

(v) *Designated Information:* Notwithstanding the above, any information explicitly designated as Sensitive by Intuit or by Company.

- *Restricted Information:* Aggregated or anonymous customer information (any customer information other than Personally Identifiable Customer Information), contractual information or obligations not designated as Sensitive, and any information explicitly designated as Restricted by Intuit or by Company

**A. Controlling Access to Confidential Information**

1. Access to Confidential Information stored on Company's systems must not be granted to members of Company's staff, Sub Suppliers, or other agents, unless the following conditions are met:

   a) The staff member, Sub Supplier, or other agent requesting the access can be uniquely identified (*e.g.*, by a unique User ID), with the exception of "root" password access provided by the Company to its core system administration team;

   b) The staff member, Sub Supplier, or other agent requesting the access has entered a correct password or other authorizing token to indicate that he / she is the authorized user of this account. If passwords are the only method used for authentication, they must satisfy certain minimal standards mutually agreeable to Intuit and Company (*i.e.*, 8 characters minimum length, required use of special- and / or mixed-case characters, no words that could be found in a dictionary, and required to be changed every 90 days) that make them sufficiently robust to effectively resist both educated guessing and brute-force attacks.

   c) In all cases, access permissions must be established in a manner that allows only for the minimum access level(s) required for each staff member, Sub Supplier, or other agent to perform his or her job function. The ability to read, write, modify or delete Confidential Information must be limited to those individuals who are specifically authorized to perform those data maintenance functions.

   d) The date, time, requestor, and nature of the access (i.e., read-only or modify) has been recorded in a log file.

2. Confidential Information stored on Company's systems must be stored behind firewalls with access to such data limited as described in the preceding requirement.

3. Secret Information must never be stored in clear text on Company's systems. At a minimum, financial services industry-standard encryption techniques must be employed to safeguard Secret Information in Company's systems from retrieval by unauthorized persons. Company should strive to adopt best industry practices where appropriate. Whenever possible, message digest algorithms such as SHA-1 or MD5 should be used to hash and verify the user's

password, and "salt" should be added to the input string prior to encoding to ensure that the same password text chosen by different users will yield different encodings.

4. Passwords used to control Company's staff, Sub Suppliers, or other agents' access to Confidential Information must at a minimum conform to the password policies described in paragraph A.1.b above. Passwords used by Company's Customers are not required to conform to these policies; however, Company must ensure that Customers do not have access to Confidential Information other than that which pertains to them.
5. Procedures must be in place to modify or revoke access permissions to Confidential Information when staff members leave the Company or when their job responsibilities change.
6. Printed material that contains Confidential Information must be stored in secured areas to which access is limited to those staff members who have a business need to access it. It must also be disposed of in a secure manner. At a minimum, financial services industry-standard protections must be employed to ensure the secure storage and destruction of Secret and Sensitive Information. Whenever possible, secure disposal alternatives such as on-site shredding prior to recycling or placement in publicly-accessible trash bins with subsequent off-site shredding by a licensed Sub Supplier should be implemented.

**B. Transmitting Confidential Information**

1. Unless restricted by law, Company must not electronically transmit Secret or Sensitive Information over publicly accessible networks without using 128-bit SSL or another mechanism that affords similar or greater security and confidentiality. If legal restrictions limit the use of 128-bit SSL encryption technology, Company must use the strongest encryption technology permitted.
2. Confidential Information must never be passed in a URL (e.g., using a Get method) in a manner that potentially exposes the information to third parties and causes such information to appear in log files.

**C. Maintaining a Secure Environment**

1. To protect the accuracy and integrity of Confidential Information, all such data must be backed up regularly (no less often than weekly), and the backups stored in secure, environmentally-controlled, limited-access facilities.
2. Company must run internal and external network vulnerability scans at least monthly and after any change in the network configuration (e.g., new system component installations, changes in network topology, firewall rule modifications, or product upgrades).
3. Company must promptly install any security-related fixes identified by its hardware or software Suppliers, if the security threat being addressed by the fix is one that threatens the privacy or integrity of any Confidential Information covered by this Agreement. Such upgrades must be made as soon as they can safely be installed and integrated into Company's existing architecture and systems.
4. Intuit may, from time to time, advise Company of recent security threats that have come to its attention, and require Company to implement specific modifications to its software, policies, or procedures that may be necessary to counter these threats. Company must implement these modifications within a mutually-agreeable time, or must obtain written permission from Intuit to take some other course of action to ensure that the privacy and integrity of any Confidential Information is preserved.
5. Company must immediately notify Intuit if it knows or suspects that Confidential Information has been compromised or disclosed to unauthorized persons, or if there has been any meaningful or substantial deviation from the

requirements contained in the Agreement or this Exhibit. See Section F for contact information. Company agrees that Intuit shall have the right to control and direct any response and / or correction of any such compromise or disclosure.

6. Notwithstanding the minimum standards set forth in this Exhibit, Company should monitor and periodically incorporate reasonable industry-standard security safeguards.

**D. Electronic Mail**

1. Company shall not send any Secret or Sensitive Information in an e-mail message over publicly-accessible networks unless the e-mail is encrypted using a previously-approved encryption mechanism or is otherwise made secure with an approach that has been mutually agreed upon in advance by Intuit and Company.
2. Company and its Sub Suppliers and agents must not reveal the Personally-Identifiable Information of one customer to any other customer or other third party, in any e-mail or other communication, except as permitted in writing by the affected person, as deemed appropriate in light of the interests of the affected person, or as otherwise required by law.

**E. Reviews, Audits, and Remedies**

1. Company agrees that Intuit shall have a right to verify Company's compliance with this Exhibit. Upon no less than 14 days' prior written notice to Company, Intuit (or its agent) may enter Company's premises and inspect such of Company's books, records, facilities and computer systems as Intuit and Company shall mutually agree is necessary to ensure that Company complies with the terms, covenants and conditions of this Exhibit. Intuit or its agent shall comply with Company's standard policies and procedures that apply to third party companies that have access to Company's premises, and Intuit or its agent shall access Company's premises during normal business hours (Monday through Friday, 8:00 AM to 5:00 PM), subject to Company's standard security and confidentiality procedures and without disruption to Company's business. Notwithstanding the foregoing, if Intuit in good faith believes that a threat to security exists that could affect Confidential Information, Company must provide Intuit or its agent access to its premises immediately upon request by Intuit.
2. Intuit may inspect or employ third parties to conduct studies of Company's operational processes, systems, vulnerability scan results and computer network security to determine Company's compliance with this Exhibit. Intuit agrees to coordinate the scheduling of any such study with Company to minimize disruption to Company's business. Company agrees to cooperate with Intuit to commence such a study within thirty (30) days from Company's receipt of written notice of Intuit's intent to conduct, or to employ a third party reasonably acceptable to Company to conduct, such a study. At Company's request, Intuit will require any such third party it employs to conduct such a study to sign a nondisclosure agreement pursuant to which it agrees not to disclose any Confidential Information. Intuit will make the results of any such study available to Company and, depending on the seriousness of any problems found, may require Company to remedy any and all such deficiencies in a timely fashion. Costs of such audits shall be [*], and Company shall only be responsible for [*].
3. Notwithstanding any time-to-cure provision in this Agreement to the contrary, it shall be completely within Intuit's discretion to require correction of any demonstrated security-related problem within a shorter period of time, subject to the procedures set forth in this Section E.3. Intuit shall provide written notice of the problem to Company, and Company must immediately take appropriate steps to correct the problem. If Company fails to correct any

demonstrated security problem within a commercially reasonable time, factoring in the work that must be completed to address the problem, and resulting in the material disclosure or threatened disclosure of Intuit's Confidential Information, Intuit may instruct Company to take such interim measures as are necessary to protect Intuit's Confidential Information. If Company fails or refuses to take those interim and / or permanent measures which are necessary to prevent the material disclosure of Intuit's Confidential Information within a commercially-reasonable time, Intuit may terminate any and all affected agreements between Intuit and Company for cause.

**F. Compliance with U.S. Laws and Regulations**

Each of Intuit and Company shall comply with federal, state, and local laws and regulations as the same are applicable to the Services.

**G. Changes to Requirements**

Intuit may, in its sole discretion, amend these requirements from time to time, as required by law. Any amendments to these requirements not expressly required by law shall be subject to written amendment signed by both Intuit and Company and may entail additional costs.

**H. Contact Information**

The primary business contact person for each party under this Agreement shall designate a primary and an alternate single point of contact for security issues for such party (a "Security SPOC") and provide mail, email, telephone, home telephone, and pager or portable telephone contact information for such persons. Both parties agree that either the primary or alternate Security SPOC will be available at all times ("24/7/365"). Such designation and information must be given in writing to the other party within ten (10) business days after the effective date of the Agreement. Any updates to the same shall be given promptly in writing to the other party.

**Exhibit 31.01**

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

I, Brad D. Smith, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 30, 2008

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

**Exhibit 31.02**

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

I, R. Neil Williams, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 30, 2008

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

**EXHIBIT 32.01**

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

In connection with the Quarterly Report of Intuit Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Brad D. Smith, President and Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/BRAD D. SMITH
Brad D. Smith
President and Chief Executive Officer

Date: May 30, 2008

**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, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), R. Neil Williams, Senior Vice President and Chief Financial Officer of the Company, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ R. Neil Williams

R. Neil Williams
Senior Vice President and Chief Financial Officer
Date: May 30, 2008