

Exhibit

112

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

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended July 31, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 0-21180

intuit.

INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

77-0034661

(IRS Employer Identification No.)

2700 Coast Avenue, Mountain View, CA 94043

(Address of principal executive offices, including zip code)

(650) 944-6000

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, \$0.01 par value	NASDAQ Global Select Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 No

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of Intuit Inc. outstanding common stock held by non-affiliates of Intuit as of January 29, 2010, the last business day of our most recently completed second fiscal quarter, based on the closing price of \$29.61 reported by the NASDAQ Global Select Market on that date, was \$8.3 billion.

There were 317,535,557 shares of Intuit voting common stock outstanding as of August 31, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for its Annual Meeting of Stockholders to be held on January 19, 2011 are incorporated by reference in Part III of this Annual Report on Form 10-K.

INTUIT INC.
FISCAL 2010 FORM 10-K
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Intuit, the Intuit logo, QuickBooks, TurboTax, Lacerte, ProSeries, Quicken and Mint, among others, are registered trademarks and/or registered service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Other parties' marks are the property of their respective owners.

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This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Please see the section entitled “*Forward-Looking Statements and Risk Factors*” in Item 1A of this Report for important information to consider when evaluating these statements.

PART I ITEM 1 BUSINESS

CORPORATE BACKGROUND

General

Intuit Inc. is a leading provider of business and financial management solutions for small and medium-sized businesses, consumers, accounting professionals and financial institutions. Our flagship products and services, including QuickBooks, Quicken and TurboTax, simplify small business management and payroll processing, personal finance, and tax preparation and filing. ProSeries and Lacerte are Intuit’s leading tax preparation offerings for professional accountants. Our Intuit Financial Services business provides online banking solutions and services to banks and credit unions that help them make it easier for consumers and businesses to manage their money and pay their bills.

We had revenue of \$3.5 billion in our fiscal year ended July 31, 2010, and had approximately 7,700 employees in major offices in the United States, Canada, India, the United Kingdom and other locations at that time.

Intuit was incorporated in California in March 1984. We reincorporated in Delaware and completed our initial public offering in March 1993. Our principal executive offices are located at 2700 Coast Avenue, Mountain View, California, 94043, and our main telephone number is 650-944-6000. Our corporate website, www.intuit.com, provides materials for investors and information relating to Intuit’s corporate governance. The content on any website referred to in this filing is not incorporated by reference into this filing unless expressly noted otherwise. When we refer to “we,” “our” or “Intuit” in this Annual Report on Form 10-K, we mean the current Delaware corporation (Intuit Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

Available Information

We file reports required of public companies with the Securities and Exchange Commission (SEC). These include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to these reports. The public may read and copy the materials we file with or furnish to the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We make available free of charge on the Investor Relations section of our corporate website all of the reports we file with or furnish to the SEC as soon as reasonably practicable after the reports are filed or furnished. Copies of this Annual Report on Form 10-K may also be obtained without charge by contacting Investor Relations, Intuit Inc., P.O. Box 7850, Mountain View, California 94039-7850 or by calling 650-944-6000.

BUSINESS OVERVIEW

Intuit’s Mission

We seek to be a premier innovative growth company that improves our customers’ financial lives so profoundly they can’t imagine going back to the old way.

Our customers include small and medium-sized businesses, consumers, accounting professionals and financial institutions. We help them solve important business and financial management problems, such as running a small business, paying bills and income taxes, or managing personal finances. Our innovative products and services simplify the lives of approximately 50 million people, helping them save and make money.

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Emerging technology and market trends are changing the way people live and work, and the way we help customers. We're connecting those customers to our solutions and with each other in ways that add more value to our products and services. We're taking a global view as well, whether helping our customers expand their business to overseas markets, creating and selling our own products in emerging nations, or extending our hiring horizons beyond geographic borders.

Our Business Portfolio

We organize our portfolio of businesses into four principal categories — Small Business Group, Tax, Financial Services and Other Businesses. These categories include seven financial reporting segments.

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

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

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

- Our Consumer Tax segment includes TurboTax income tax preparation products and services for consumers and small businesses.
- Our Accounting Professionals segment includes Lacerte and ProSeries professional tax products and services. This segment also includes QuickBooks Premier Accountant Edition and the QuickBooks ProAdvisor Program for accounting professionals.

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

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

Our Growth Strategy

We innovate to drive growth, adapting our approach to meet changing demographic, technology, market and geographic trends. We build innovative offerings to solve our customers' problems, based upon our three-point growth strategy.

- *Driving growth in our core businesses.* We're committed to helping consumers, small businesses and accountants save and make money through our core business offerings, including TurboTax, Quicken, QuickBooks, ProSeries and Lacerte. In addition, we offer other relevant products to encourage existing customers to upgrade to more feature-rich versions that meet their personal and business needs.
- *Building adjacent businesses and entering new geographies.* By pursuing partnerships, completing acquisitions and creating new offerings, we're accelerating our entry into new businesses, such as employee management and customer management. Intuit Websites, for example, gives us a new front door to cross-sell other products and services, such as electronic payments, online payroll and, eventually, QuickBooks. Our investment in healthcare offerings and our recent acquisition of Medfusion have expanded our portfolio of software-as-a-service offerings. And our new Intuit Money Manager offering in India expands our global reach into emerging markets.
- *Accelerating our transition to connected services.* Through our Connected Services strategy, we're providing new ways for people and businesses to connect with each other and leverage their data, whether through desktop, laptop or handheld devices. In a world with expanded connectivity, people expect access to services and information any time, any place. Through this strategy we intend to delight customers by

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offering easy-to-use connected services that solve their problems, while building durable competitive advantage for Intuit.

This strategy recognizes the emergence and influence of the digital generation, the increasing relevance of social networks, and customers' growing reliance on the Web, mobile and information-based technology to manage important tasks. It also acknowledges the potential of new market opportunities in rapidly developing economies. The end result is a global market that is shifting from traditional services that are paper-based, human-produced, and brick-and-mortar bound, to one where people understand, demand and embrace the benefits of connected services.

Our Connected Services Vision

We provide connected services in three ways:

- *Software-advantaged Services:* We enable customers to seamlessly connect software, such as QuickBooks, to other offerings, including small business payroll or merchant services. This can create powerful solutions that we believe give us a competitive advantage.
- *Software as a Service:* We offer hosted services, also known as SaaS, to connect customers to our online offerings. Through TurboTax Online, online payroll services for small businesses, Intuit Websites, QuickBooks Online, online banking services for financial institutions, Mint.com, and patient-to-provider communication services, we deliver clear benefits and add value for our customers.
- *Platform as a Service:* We are increasingly using our products as a platform to connect people to each other — and to us — allowing them to share information and solve problems together. The Intuit Partner Platform enables third-party developers to create and sell applications to our customers. This provides customers with new solutions and functionality and gives developers a valuable audience.

We continue to make significant progress in this environment. Overall, connected services generated nearly 60 percent of our revenue in the 2010 fiscal year. Software-as-a-service offerings by themselves produced roughly one-third of our revenue.

To compete in this connected world, we plan to take advantage of three emerging technology and market trends:

- *Social:* As businesses and consumers become increasingly connected, people shape product development, share their expertise and influence opinion like never before. Customers can share advice with each other by using the online forums available in each of our major products. In a social world, people connect and contribute to our product offerings. For example, our TurboTax Live Community allows participants to submit and answer each other's questions while preparing their income tax returns.
- *Mobile:* As technology moves from the desktop to the palmtop, we are creating mobile services that deliver "in the pocket" — any place at any time that's convenient for customers. Intuit GoPayment, for example, helps small businesses improve sales and cash flow by accepting credit card payments on their mobile phones.
- *Global:* As geographic borders become less important to businesses, we are working to help customers take advantage of a global marketplace and find new customers in new markets. Intuit Money Manager, our first product for the emerging markets, helps people in India better manage their bank accounts.

Summary

Generations age. Borders blur. Technology advances. As the way we live and work evolves, we adapt our strategy to meet and lead these changes. Yet our commitment remains consistent: Developing innovative products and services that are so convenient and easy to use that customers actively recommend them to others. It's been our success formula for more than a quarter-century as we've worked to solve people's important business and financial management problems. And we'll maintain that commitment as we continue to evolve, working to help people solve each other's problems, connecting people to people and to solutions, wherever they are, whenever they want them.

PRODUCTS AND SERVICES

We offer our products and services in the seven business segments described in “*Business Overview*” above. The following table shows the classes of similar products or services that accounted for 10% or more of total net revenue in the last three fiscal years.

	<u>Fiscal 2010</u>	<u>Fiscal 2009</u>	<u>Fiscal 2008</u>
Financial Management Solutions	18%	19%	20%
Employee Management Solutions	12%	12%	11%
Consumer Tax	33%	32%	31%
Accounting Professionals	11%	11%	11%
Financial Services	10%	10%	10%

Our products and services are sold mainly in the United States and are described below. International total net revenue was less than 5% of consolidated total net revenue for fiscal 2010, 2009 and 2008. For financial information about these segments, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in Item 7 and Note 15 to the financial statements in Item 8 of this report.

Financial Management Solutions

QuickBooks Software. Our QuickBooks product line brings bookkeeping capabilities and business management tools to small and medium-sized business users in an easy-to-use design that does not require them to be familiar with debit and credit accounting. We offer a range of products to suit the needs of different types of businesses. Our desktop software products include QuickBooks Simple Start, which provides accounting functionality suitable for very small, less complex businesses; QuickBooks Pro and QuickBooks Pro for Mac, which provide accounting functionality suitable for slightly larger businesses; QuickBooks Premier, which provides small businesses with advanced accounting functionality and business planning tools; and QuickBooks Enterprise Solutions, designed for larger businesses. Our Premier and Enterprise products also come in a range of industry-specific editions, including Contractor, Manufacturing and Wholesale, Nonprofit, Professional Services, and Retail. In addition, we offer a Web-based version of QuickBooks called QuickBooks Online that is suitable for multiple users working in various locations.

QuickBooks Technical Support. We offer several technical support options to our QuickBooks customers. These include support plans that are sold separately and priced based on the length of the plan. We also offer a free self-help information section on our QuickBooks.com website and free access to the QuickBooks Community, an online forum where QuickBooks users can share information with each other.

Websites for Small Businesses. Our Intuit Websites offering helps small businesses establish a presence on the Web, maintain and promote their websites, and sell or market their products and services online.

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

QuickBase. Our QuickBase offering is a Software as a Service (SaaS) platform that allows business users to select ready-made online workgroup applications or create custom solutions for their businesses. The most common solutions include project collaboration, sales team management and employee management. QuickBase customers pay a monthly or annual subscription fee that varies based on the number of users and the amount of data and file storage they need.

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Intuit Developer Network. The Intuit Developer Network is an initiative that encourages third-party software developers to build applications that exchange data with QuickBooks and other Intuit products by giving them access to certain application programming interfaces. The Intuit Developer Network has launched the Intuit Partner Platform, which allows developers to sell online applications to Intuit's customers. Developers in this program build on Intuit's platform or any platform they choose, but all applications must integrate with the platform in specific ways. Developers who register with the Intuit Developer Network have access to the latest QuickBooks software development kit, the Intuit Partner Platform, QuickBooks software downloads, and member benefits such as marketing tools, developer forums and one-on-one engineering support. At July 31, 2010, approximately 365 third-party applications were available for QuickBooks and other Intuit products at www.marketplace.intuit.com.

Employee Management Solutions

QuickBooks Payroll. QuickBooks Payroll is a family of products sold on a subscription basis to small businesses that use QuickBooks and prepare their own payroll or want some assistance with preparing their payroll. It is also sold to accountants who use QuickBooks and help their clients manage their payrolls. The product family includes:

- QuickBooks Basic Payroll, which provides payroll tax tables and payroll reports;
- QuickBooks Enhanced Payroll, which provides payroll tax tables, payroll reports, federal and state payroll tax forms, and eFile & Pay for federal and state payroll taxes;
- QuickBooks Enhanced Payroll for Accountants, which has several accountant-specific features in addition to the features in QuickBooks Enhanced Payroll; and
- QuickBooks Online Payroll, for use with QuickBooks Online.

We also offer QuickBooks Assisted Payroll, through which we provide the back-end aspects of payroll processing, including tax payments and filings, for customers who process their payrolls using QuickBooks. Direct deposit is included with QuickBooks Online Payroll and available with each of the other offerings for an additional fee.

Intuit Online Payroll. Intuit Online Payroll provides small business payroll services that do not require customers to use QuickBooks. This offering is sold on a subscription basis and includes online payroll tax calculation, payroll reports, federal and state payroll tax forms, electronic payment of federal and state payroll taxes, and direct deposit.

Other Employee Management Solutions. We offer workers' compensation administration and 401(k) administration services to small business employers for additional fees.

Payment Solutions

Merchant Services. We offer a full range of merchant services to small businesses that include credit card, debit card, electronic benefits, and gift card processing services; check verification, check guarantee, and electronic check conversion, including automated clearing house (ACH) and Check 21 capabilities; and Web-based transaction processing services for online merchants. In addition to transaction processing services, we provide a full range of support for our clients that includes customer service, merchant and consumer collections, chargeback and retrieval support, and fraud and loss prevention screening.

Point of Sale Solutions. We offer Cash Register Plus, an entry level product for small retail businesses that helps them manage detailed sales data, track customers, and manage daily tasks more efficiently. We also offer Basic, Pro and Multi-Store versions of QuickBooks Point of Sale, which help retailers process sales using barcodes, track inventory and customer purchases, and integrate with QuickBooks. We sell these software products with or without the accompanying hardware.

Consumer Tax

Our TurboTax products and services are designed to enable individuals and small business owners to prepare and file their own federal and state personal and small business income tax returns quickly and accurately. They are designed to be easy to use, yet sophisticated enough for complex tax returns.

Tax Return Preparation Offerings. For the 2009 tax season we offered a range of software products and services that included desktop and online versions of TurboTax Basic, for simple returns; TurboTax Deluxe, for taxpayers who itemize deductions; TurboTax Premier, for taxpayers who own investments or rental property; and TurboTax

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Home and Business, for small business owners. We also offered TurboTax Business desktop software for larger businesses; TurboTax Free Edition online for the simplest returns; and SnapTax, an application that allowed California users with simple federal and state returns to prepare and electronically file them from their iPhones. These offerings are subject to change for the 2010 tax season. TurboTax Live Community is an online forum where participants can learn from and share information with other users while preparing their income tax returns.

Electronic Filing and Other Services. Through our electronic filing center, our desktop and online tax preparation customers can electronically file their federal income tax returns, as well as state returns in all states that support electronic filing. For the 2009 tax year our online tax preparation and filing services were offered through the websites of nearly 4,000 financial institutions, more than 1,000 electronic retailers and other merchants, and on Yahoo!® Finance Tax Center. Financial institutions can offer our online tax services to their end users through a link to TurboTax Online or through TurboTax for Online Banking, which provides functionality that is integrated with their online banking services.

Intuit Tax Freedom Project. Under the Intuit Tax Freedom Project, we provide online federal and state income tax return preparation and electronic filing services at no charge to eligible taxpayers. In fiscal 2010 we provided approximately 1.4 million free federal returns under this initiative. We are a member of the Free File Alliance, a consortium of private sector companies that has entered into an agreement with the federal government to provide free online federal tax preparation and filing services to eligible taxpayers. See also “*Competition — Consumer Tax*” later in this Item 1 for more information on the Free File Alliance.

Accounting Professionals

Our Accounting Professionals segment provides software and services for accountants and tax preparers in public practice. These include offerings that help professional accountants and tax preparers provide accounting, payroll, tax planning and tax compliance services to their individual and business clients, and that help them manage their own practices more effectively.

Tax Offerings. Our tax offerings for accounting professionals are Lacerte and ProSeries. Lacerte software is designed for full-service accounting firms that prepare the most complex returns. We offer two versions of our ProSeries software: ProSeries Professional Edition, designed for year-round tax practices that prepare moderately complex tax returns; and ProSeries Basic Edition, designed for the needs of smaller and seasonal tax practices. Accounting professionals license these tax products for a flat fee for unlimited use, or use them to print or electronically file tax returns on a “pay-per-return” basis. Accountants and tax preparers using Lacerte and ProSeries can file their clients’ tax returns using our electronic filing services.

Accounting Offerings. Our accounting offering for professionals, QuickBooks Premier Accountant Edition, provides the tools and file-sharing capabilities needed to efficiently complete bookkeeping, trial balance, write-up, and financial reporting tasks. Our QuickBooks ProAdvisor Program is a subscription-based membership that provides QuickBooks and QuickBooks Payroll software for professional accountants, technical support, training, product certification, access to marketing tools and discounts on products purchased on behalf of clients.

Financial Services

Our Intuit Financial Services business (formerly known as Digital Insight) provides outsourced online banking solutions that are hosted in our data centers and delivered as on-demand services to medium-sized financial institutions. We also work with these financial institutions to provide other Intuit products and services, such as TurboTax for Online Banking, to their end users. No single financial institution accounted for more than 10% of this segment’s total net revenue in fiscal 2010, 2009 or 2008.

Consumer Banking. We offer online banking services that financial institutions make available to their retail customers. These services include the ability to view transaction history, account balances, check images and statements; fund transfers between accounts; inter-institutional transfers; bill payment and bill presentment; Personal FinanceWorks, our comprehensive online personal financial management solution; and TurboTax for Online Banking, which provides tax preparation and filing services that are integrated with online banking.

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Business Banking. We also offer online banking services that financial institutions make available to their business customers. These services include features similar to those of our consumer offering as well as lockbox reporting; payroll direct deposit; wire and inter-account fund transfers; account reconciliations; foreign exchange trade; and Small Business FinanceWorks, our online business financial management solution.

Other Businesses

Personal Finance

Our personal finance offerings help users organize, understand and manage their personal finances. Our Quicken line of desktop software products allow customers to reconcile bank accounts, pay bills, record credit card and other transactions, and track investments, mortgages and other assets and liabilities. Quicken also allows customers to flag their tax-related financial transactions and download that information into our TurboTax consumer tax return preparation software. We offer Quicken Starter Edition and Quicken Deluxe as well as Quicken Premier, which offers more robust investment and tax planning tools; Quicken Home and Business, which allows customers to manage both personal and small business finances in one application; and Quicken for Mac. Our Mint.com personal finance service is free to users and shows them all of their financial accounts in one online location; provides tools that help them set up budgets and monitor spending; identifies money-saving ideas; and provides step-by-step guidance and advice on achieving their financial goals. We also offer a Mint application on mobile devices such as the iPhone.

Intuit Health

In May 2010 we acquired Medfusion, Inc., which provides online patient-to-provider communication solutions. Services are delivered through a standard Web browser on a subscription basis and typically include features such as appointment scheduling, patient pre-registration, prescription renewal and electronic bill payment.

Global Business

In Canada, we offer versions of QuickBooks that we have “localized,” that is, customized to meet the unique needs of customers in that specific international location. These include QuickBooks software offerings, payroll offerings and service plans. We also offer consumer tax return preparation software, professional tax preparation products and services, and localized versions of Quicken in Canada. In the United Kingdom, we offer localized versions of QuickBooks and QuickBooks Payroll, including products and services sold in partnership with banks.

PRODUCT DEVELOPMENT

Since the markets for software and related services are characterized by rapid technological change, shifting customer needs and frequent new product introductions and enhancements, a continuous high level of investment is required to innovate and quickly develop new products and services as well as enhance existing offerings. Our product development efforts are becoming more important than ever as we pursue our Connected Services strategy, which reflects a world where people and businesses are increasingly connected by technology and expect access to services at any time in any place.

We develop many of our products and services internally. We have a number of United States and foreign patents and pending applications that relate to various aspects of our products and technology. We supplement our internal development efforts by acquiring or licensing products and technology from third parties, and establishing other relationships that enable us to enhance or expand our offerings more rapidly. We expect to expand our third party technology relationships as we continue to pursue our Connected Services strategy.

Our traditional core desktop software products — QuickBooks, TurboTax, Lacerte, ProSeries and Quicken — tend to have predictable annual development and product release cycles. We also develop innovative new offerings such as Intuit GoPayment for which development cycles can be more rapid. Developing consumer and professional tax software and services presents unique challenges because of the demanding development cycle required to accurately incorporate tax law and tax form changes within a rigid timetable. The development timing for our payroll, merchant services, financial institutions, and patient-to-provider communication offerings varies with

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business needs and regulatory requirements and the length of the development cycle depends on the scope and complexity of each particular project.

In our Financial Services business, we have developed interfaces with the systems of many of the major providers of core processing software and services to financial institutions. These system interfaces allow us to access a financial institution's host system to provide end users access to their account data. In addition to developing new interfaces, we continue to enhance our many existing interfaces in order to deliver more robust connectivity and increase operating efficiencies.

We continue to make substantial investments in research and development, and we expect to focus our future research and development efforts on enhancing existing products and services and on developing new products and services that will offer increased ease of use, be customized for specific customer categories, be Web-based or mobile, and feature improved integration with other Intuit and third party products and services and with our internal information systems. We also expect to continue to focus significant research and development efforts on ongoing projects to update the technology platforms for several of our offerings. Our research and development expenses were \$573 million or 17% of total net revenue in fiscal 2010; \$556 million or 18% of total net revenue in fiscal 2009; and \$593 million or 20% of total net revenue in fiscal 2008.

SEASONALITY

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

MARKETING, SALES AND DISTRIBUTION CHANNELS

Markets

Our primary target customers are small and medium-sized businesses, consumers, accounting professionals, and medium-sized financial institutions. The markets in which we compete have always been characterized by rapid technological change, shifting customer needs, and frequent new product introductions and enhancements by competitors. Over the past several years, the widespread availability of the Internet has accelerated the pace of change and revolutionized the way that customers learn about and purchase products and services. Real-time, personalized online shopping experiences are rapidly becoming the standard. In addition, many customers now begin their shopping process in one channel and ultimately make their purchase in a different channel. This drives the need to create integrated multi-channel shop and buy experiences. Market and industry changes are quickly rendering existing products and services obsolete, so our success depends on our ability to respond rapidly to these changes with new business models, updated competitive strategies, new or enhanced products and services, alternative distribution methods and other changes in the way we do business.

Our target customers for online banking services are medium-sized financial institutions seeking an outsourced solution that allows them to compete with the larger national banks in their market. We also provide online financial management solutions to financial institution customers of core processors.

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Marketing Programs

To sell our products and services to small and medium-sized businesses, consumers and accounting professionals, we use a variety of marketing programs to generate software orders, stimulate demand and generally maintain and increase customer awareness of our products and services. These programs include Web marketing and targeted advertising, including purchasing key words from major search engine companies; direct-response mail and email campaigns; telephone solicitations; newspaper, magazine, billboard, radio and television advertising; and promotional offers that we coordinate with major retailers. We also use workflow-integrated in-product discovery in some of our software products to market other related products and services, including third-party products and services.

In our Financial Services business, our marketing efforts are primarily focused on identifying potential financial institution clients and marketing our online banking services to consumer and business end users in cooperation with our financial institution clients. We also work with these financial institutions to provide other Intuit products and services, such as TurboTax for Online Banking, to their end users.

Sales and Distribution Channels

Multi-Channel Shop and Buy Experiences. Our consumer and small and medium-sized business customers increasingly use the Internet to research both online and desktop products and services. Some customers buy and use our products and services entirely online. Others purchase desktop products and services using the Internet. Still others prefer to make their final decision at a retail location. We coordinate our websites, promotions and retail displays in support of this integrated multi-channel shop and buy model.

Direct Sales Channel. We sell many of our products and services for small and medium-sized businesses, consumers and accounting professionals directly to our customers through our websites and call centers. Telesales continues to be an effective channel for serving customers that want live help selecting the products and services that are right for their needs.

In our Financial Services business, we sell our products and services to financial institutions using a direct sales model and, to a lesser but increasing extent, in cooperation with core processing partners. Our typical sales cycle is approximately nine to eighteen months for new financial institutions and four to six months for add-on sales to existing customers.

Retail Channel. We sell our QuickBooks, TurboTax and Quicken desktop software as well as our QuickBooks Payroll and Intuit Online Payroll services and merchant credit card payment processing services at retail locations across the United States. We sell these products and services directly and through distributors to office supply superstores, warehouse clubs, consumer electronics retailers, general mass merchandisers, online retailers, and catalogers. In Canada and other international markets we also rely on distributors and other third parties who sell products into the retail channel. The retail channel provides broad customer reach through retailer-sponsored advertising and exposure to retail foot traffic. This channel also gives us the opportunity to communicate our product and service lineup and messages through multiple touch points and allows us to serve our customers at relatively modest cost.

Other Channels. We have strategies to address the alliance partner, solution provider and personal computer hardware manufacturer channels. Revenue from these channels is currently less significant than revenue from our direct and retail channels, but it is growing. We sell our consumer and small business products and services through selected alliance partners, primarily banks, credit unions, and securities and investment firms. These alliance partners help us reach new customers at the point of transaction and drive growth and market share by extending our online reach. Solution providers combine our products and services with value-added marketing, sales and technical expertise to deliver a complete solution at the local level. Relationships with selected personal computer hardware manufacturers help us attract new customers for our core software offerings. As we expand our mobile and global offerings, we expect that key strategic partnerships will become increasingly important to our business. For example, we plan to market and sell some of our offerings through mobile phone service and hardware providers.

In our Financial Services business, we have joint marketing arrangements with several core processing vendors. They include Fiserv, Inc.; Open Solutions, Inc.; Fidelity Information Services, Inc.; Metavante Corporation (now

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part of Fidelity Information Services); and Computer Services Inc. To deliver bill payment and bill presentment services to our financial institution customers, we also maintain value-added reseller relationships with major providers such as Metavante Corporation and CheckFree Corporation (part of Fiserv).

COMPETITION

Overview

We face intense competition in all of our businesses, both domestically and internationally. Competitive interest and expertise in many of the markets we serve, particularly small business, consumer tax and online banking, have grown markedly over the past few years and we expect this trend to continue. Some of our existing competitors have significantly greater financial, technical and marketing resources than we do. In addition, the competitive landscape can shift rapidly as new companies enter markets in which we compete. This is particularly true for online products and services, where the barriers to entry are lower than they are for desktop software products and services. To attract customers, many online competitors are offering free or low-priced entry-level products which we must take into account in our pricing strategies.

Our most obvious competition comes from other companies that offer technology solutions similar to ours. However, for many of our products and services, other important competitive alternatives for customers are third party service providers such as professional accountants and seasonal assisted tax preparation businesses. Manual tools and processes, or general-purpose software, are also important competitive alternatives. Many of our new customers previously used pencil and paper or software such as word processors and spreadsheets, rather than competitors' software and services, to perform financial tasks. We believe that there is a long-term trend away from manual methods and toward the use of both desktop and online software to accomplish these tasks that will continue to provide growth opportunities.

Competition Specific to Business Segments

Small Business Group. Our QuickBooks desktop product is the leading small business financial management software in the U.S. retail channel. Our small business products and services face competitive challenges from companies such as NetSuite Inc. and The Sage Group plc, which offer software and associated services that directly target small business customers. Increasingly, our small business products and services also face competition from free or low-cost online accounting offerings as well as free online banking and bill payment services offered by financial institutions and others. In our payroll business we compete directly with Automatic Data Processing, Inc. (ADP), Paychex and many other companies with payroll offerings, including online payroll offerings. In our merchant services business we also compete directly with large financial institutions such as Wells Fargo, JP Morgan Chase and Bank of America and with many payment processors, including First Data Corporation, Elavon, Global Payments and FIS-Certegy.

Consumer Tax. In the private sector we face intense competition from H&R Block, which provides assisted tax preparation services in its stores and a competing software offering called H&R Block At Home, and from several other tax preparation service providers and online offerings, including 2nd Story Software's TaxACT. These competing offerings subject us to significant price pressure.

We also face competitive challenges in our Consumer Tax business from publicly funded government entities that offer electronic tax preparation and filing services at no cost to individual taxpayers. We are a member of the Free File Alliance, a consortium of private sector companies that has entered into an agreement with the federal government. Under this agreement, the member companies provide online federal tax preparation and filing services at no cost to eligible federal taxpayers, and the federal government has agreed not to provide a competing service. Approximately 20 states have also adopted Free File Alliance public-private agreements while approximately 20 other states offer some form of direct government tax preparation and filing services free to qualified taxpayers. We continue to actively work with others in the private and public sectors to advance the goals of the Free File Alliance policy initiative and to support successful public-private partnerships. However, future administrative, regulatory or legislative activity in this area could harm our Consumer Tax business.

Accounting Professionals. Our Lacerte professional tax offerings face competition from competitively-priced tax and accounting solutions that include integration with non-tax functionality. These include CCH's ProSystems fx

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Office Suite and Thomson Reuters' CS Professional Suite and GoSystems Tax. Our ProSeries professional tax offerings face competition from CCH's ATX and TaxWise offerings. We also face growing competition from online tax and accounting offerings, which may be marketed more effectively or have lower pricing than our offerings for accounting professionals.

Financial Services. The market for online banking services is highly competitive. In the area of consumer online banking, a number of companies offer outsourced online banking services to financial institutions, including Online Resources, S1 Corporation and FundsXpress (a subsidiary of First Data Corporation). In addition, several companies whose primary offerings are core processing or bill payment processing services also provide online banking services. These companies include Fiserv, Inc., Open Solutions, Inc., Fidelity Information Services, Inc., Jack Henry and Metavante Corporation (now part of Fidelity Information Services). In addition, many of these firms offer our products through a referral or reseller arrangement with us. We also compete for new customers with relatively recent entrants into the online financial management solutions market. As we negotiate service contract renewals with current customers, competitive pressures may require us to make concessions on pricing and other material terms to convince these customers to remain with us.

Competitive Factors

We believe the most important competitive factors for our core offerings — QuickBooks, TurboTax, Lacerte, ProSeries and Quicken — are ease of use, product features, size of the installed customer base, brand name recognition, value proposition, cost, reliability, and product and support quality. Access to distribution channels is also important for our QuickBooks, TurboTax and Quicken software products. In addition, support from accounting professionals and the ability for customers to upgrade within product families as their businesses grow are significant competitive factors for our QuickBooks products. Productivity is an important competitive factor for the full-service accounting firms to which we market our Lacerte software products. We believe we compete effectively on these factors as our QuickBooks, TurboTax, and Quicken products are the leading products in the U.S. retail sales channel for their respective categories.

For our service offerings such as small business payroll, merchant payment processing, outsourced online banking, and patient-to-provider communication solutions, features and ease of use, the integration of these products with related software, brand name recognition, effective distribution, quality of support, cost, and scalability of operations are important competitive factors.

CUSTOMER SERVICE AND TECHNICAL SUPPORT

We provide customer service and technical support by telephone, e-mail, online chat, text messaging, online communities, and our customer service and technical support websites. We have full-time and outsourced customer service and technical support staffs. We supplement these staffs with seasonal employees and additional outsourcing during periods of peak call volumes, such as during the tax return filing season or following a major product launch. We outsource to several firms domestically and internationally. Most of our internationally outsourced consumer and small business customer service and technical support personnel are currently located in India and the Philippines.

We offer free self-help information through our technical support websites for our QuickBooks, TurboTax, Accounting Professionals and Quicken software products. Customers can use our websites to find answers to commonly asked questions and check on the status of orders. Under certain support plans, customers can also use our websites to receive product updates electronically. Support alternatives and fees vary by product. We also sponsor online user communities such as Intuit Community for small businesses and accounting professionals, and TurboTax Live Community, where consumers can share knowledge and product advice with each other.