

INTUIT INC

FORM 8-K (Current report filing)

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Address	2700 COAST AVENUE MOUNTAIN VIEW, CA 94043
Telephone	650-944-6000
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Symbol	INTU
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Industry	Software & Programming
Sector	Technology
Fiscal Year	07/31

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934**

May 20, 2014

Date of Report (Date of earliest event reported):

INTUIT INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
**(State or other Jurisdiction
of Incorporation)**

000-21180
**(Commission
File Number)**

77-0034661
**(I.R.S. Employer
Identification No.)**

2700 Coast Avenue
Mountain View, CA 94043
(Address of Principal Executive Offices)
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 20, 2014 , Intuit Inc. announced its financial results for the fiscal quarter ended April 30, 2014 and provided forward-looking guidance. A copy of the press release is attached to this Report as Exhibit 99.01.

The information in this Report and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly stated by specific reference in such filing.

ITEM 8.01 OTHER EVENTS.

On May 20, 2014 , Intuit also announced that its Board of Directors approved a cash dividend of \$0.19 per share. The cash dividend will be paid on July 18, 2014 to shareholders of record as of the close of business on July 10, 2014 . Future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of the Intuit Board of Directors. A copy of the press release announcing the cash dividend is furnished as Exhibit 99.01 to this Report.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

99.01	Press release issued on May 20, 2014, reporting financial results for the quarter ended April 30, 2014 and announcing the cash dividend.*
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* This exhibit is intended to be furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended.

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 hereunto duly authorized.

Date: May 20, 2014

INTUIT INC.

By: /s/ R. Neil Williams

R. Neil Williams

Senior Vice President and Chief
Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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* This exhibit is intended to be furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended.

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Intuit Reports Third-quarter Results: Revenue Grows 14 Percent, Led by Cloud Solutions

TurboTax Online Units Increased 14 Percent; QuickBooks Online Subscribers Accelerated To 36 Percent Growth

MOUNTAIN VIEW, Calif. - May 20, 2014 - [Intuit Inc.](#) (Nasdaq: INTU) today announced financial results for the third quarter of fiscal 2014, which ended April 30.

“Our momentum is building with our transition to the cloud, increasing value for customers and for Intuit,” said Brad Smith, Intuit’s president and chief executive officer. “Executing against our growth strategy we delivered strong results across the board. We grew share in our tax businesses, and our small business subscriber growth continues to accelerate globally.”

Financial Highlights

Unless otherwise noted, all growth rates refer to the current period versus the comparable prior-year period, and the business metrics and associated growth rates refer to worldwide business metrics. During the quarter, Intuit:

- Delivered total company revenue of \$2.4 billion, up 14 percent.
- Increased GAAP diluted earnings per share 25 percent and non-GAAP diluted EPS 20 percent.
- Grew GAAP operating income 17 percent and non-GAAP operating income 16 percent.
- Ended the third quarter with cash and investments of \$2.6 billion.
- Increased TurboTax Online units 14 percent for the season.

- Grew QuickBooks Online subscribers 36 percent to 624,000, adding more than 60,000 net customers versus the second quarter.
- Increased global QuickBooks Online subscribers more than 130 percent to 64,000, accelerating from 90 percent growth last quarter.
- Grew total QuickBooks subscribers 30 percent through continued momentum in the adoption of small business connected services.

Business Segment Results

Small Business

- Total Small Business segment revenue grew 8 percent.
- Small Business Financial Solutions revenue increased 4 percent.
- Subscriber growth increased:
 - QuickBooks Online subscribers grew 36 percent.
 - QuickBooks Desktop subscribers grew 22 percent.
 - QuickBooks Enterprise subscribers grew 18 percent.
- Small Business Management Solutions revenue grew 16 percent.
- Employee Management Solutions revenue grew 13 percent, driven by strong growth in online customers across do-it-yourself and assisted offerings.
- Demandforce subscribers grew 44 percent, which includes the recent acquisition of CustomerLink. Organically, subscribers grew 28 percent.
- Intuit Online Payroll subscribers grew 23 percent.

Consumer

- TurboTax Online units grew 14 percent in the season and total TurboTax units climbed 10 percent.
- Consumer segment revenue increased 13 percent in the third quarter and 7 percent year-to-date.

Professional Tax

- ProTax revenue grew 32 percent in the third quarter and 3 percent year-to-date, driven by strong customer acquisition in Intuit's higher-value offerings.

CFO Remarks

Intuit Chief Financial Officer Neil Williams commented on Intuit's business segment results for the quarter in prepared remarks for investors.

“Thanks to a strong tax season, we exceeded our goals for customer growth and also improved our year-to-date Consumer Group margin. I'm pleased with our performance this year and we expect to continue to invest in the product experience and to prioritize growth in share and customers over the long term.”

Snapshot of Third-quarter Results

	GAAP			Non-GAAP		
	Q3 FY14	Q3 FY13	Change	Q3 FY14	Q3 FY13	Change
Revenue	\$2,388	\$2,091	14%	\$2,388	\$2,091	14%
Operating Income	\$1,494	\$1,282	17%	\$1,556	\$1,337	16%
EPS	\$3.39	\$2.71	25%	\$3.53	\$2.94	20%

Dollars are in millions, except earnings per share (EPS). See “About Non-GAAP Financial Measures” below for more information regarding financial measures not prepared in accordance with Generally Accepted Accounting Principles (GAAP). All figures in the table above have been reclassified to reflect Intuit Websites, Intuit Financial Services, and Intuit Health as discontinued operations and to exclude their results from non-GAAP EPS .

Snapshot of Year-to-date Results

	GAAP			Non-GAAP		
	YTD FY14	YTD FY13	Change	YTD FY14	YTD FY13	Change
Revenue	\$3,792	\$3,537	7%	\$3,792	\$3,537	7%
Operating Income	\$1,371	\$1,293	6%	\$1,553	\$1,461	6%
EPS	\$3.22	\$2.89	11%	\$3.49	\$3.20	9%

Dollars are in millions, except earnings per share (EPS). See “About Non-GAAP Financial Measures” below for more information regarding financial measures not prepared in accordance with Generally Accepted Accounting Principles (GAAP). All figures in the table above have been reclassified to reflect Intuit Websites, Intuit Financial Services, and Intuit Health as discontinued operations and to exclude their results from non-GAAP EPS

Capital Allocation Summary

- Intuit repurchased \$1.4 billion in shares during the first nine months of fiscal 2014; over \$2 billion remains on the current share repurchase authorization.
- The company also approved a quarterly cash dividend of \$0.19 per share, payable on July 18 to shareholders of record on July 10.

Forward-looking Guidance

Intuit updated guidance for full fiscal year 2014 and the fourth quarter of fiscal 2014, both ending July 31.

For **full fiscal year 2014** Intuit expects:

- Revenue of \$4.475 billion to \$4.505 billion, growth of 7 to 8 percent.
- GAAP operating income of \$1.325 billion to \$1.345 billion, growth of 7 to 9 percent.
- Non-GAAP operating income of \$1.580 billion to \$1.600 billion, growth of 7 to 9 percent.
- GAAP diluted earnings per share of \$3.08 to \$3.12, growth of 9 to 10 percent.
- Non-GAAP diluted EPS of \$3.54 to \$3.58, growth of 11 to 12 percent.

For the **fourth quarter of fiscal 2014**, Intuit expects:

- Revenue of \$683 million to \$713 million.
- GAAP operating loss of \$26 million to \$46 million.
- Non-GAAP operating income of \$27 million to \$47 million.
- GAAP loss per share of \$0.10 to \$0.12.
- Non-GAAP diluted EPS of \$0.06 to \$0.08.

Conference Call Information

Intuit executives will discuss the financial results on a conference call at 1:30 p.m. Pacific time on May 20. To hear the call, dial 866-875-5291 in the United States or 973-935-8702 from international locations. No reservation or access code is needed. The conference call can also be heard live at <http://investors.intuit.com/events/default.aspx> .

Prepared remarks for the call will be available on Intuit's website after the call ends.



Replay Information

A replay of the conference call will be available for one week by calling 888-266-2081, or 703-925-2533 from international locations. The access code for this call is 1636923.

The audio webcast will remain available on Intuit's website for one week after the conference call.

About Intuit Inc.

[Intuit Inc.](#) creates business and financial management solutions that simplify the business of life for small businesses, consumers and accounting professionals.

Its flagship products and services include [QuickBooks](#)®, [Quicken](#)® and [TurboTax](#)®, which make it easier to manage [small businesses](#) and [payroll processing](#), [personal finance](#), and [tax preparation and filing](#). [Mint.com](#) provides a fresh, easy and intelligent way for people to manage their money, while [Demandforce](#)® offers marketing and communication tools for small businesses. [ProSeries](#)® and [Lacerte](#)® are Intuit's leading tax preparation offerings for professional accountants.

Founded in 1983, Intuit had revenue of \$4.2 billion in its fiscal year 2013. The company has approximately 8,000 employees with major offices in the [United States](#), [Canada](#), the [United Kingdom](#), [India](#) and other locations. More information can be found at www.intuit.com.

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Intuit and the Intuit logo, among others, are registered trademarks and/or registered service marks of Intuit Inc. in the United States and other countries.

About Non-GAAP Financial Measures

This press release and the accompanying tables include non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles, please see the section of the accompanying tables titled "About Non-GAAP Financial Measures" as well as the related Table B and Table E. A copy of the press release issued by Intuit today can be found on the investor relations page of Intuit's Web site.

Cautions About Forward-looking Statements

This press release contains forward-looking statements, including forecasts of Intuit's future expected financial results; expectations regarding growth from connected services and from current or future products and services; expectations regarding Intuit's global strategy, strategic outcomes, product



launches and marketing campaigns and their impacts on Intuit's business; Intuit's prospects for the business in fiscal 2014; and all of the statements under the heading "Forward-looking Guidance."

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: inherent difficulty in predicting consumer behavior; difficulties in receiving, processing, or filing customer tax submissions; consumers may not respond as we expected to our advertising and promotional activities; product introductions and price competition from our competitors can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities or public policy affecting the preparation and filing of tax returns could negatively affect our operating results and market position; we may not be able to successfully innovate and introduce new offerings and business models to meet our growth and profitability objectives, and current and future offerings may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results; as we upgrade and consolidate our customer facing applications and supporting information technology infrastructure, any problems with these implementations could interfere with our ability to deliver our offerings; any failure to properly use and protect personal customer information and data could harm our revenue, earnings and reputation; if we are unable to develop, manage and maintain critical third party business relationships, our business may be adversely affected; increased government regulation of our businesses may harm our operating results; if we fail to process transactions effectively or fail to adequately protect against potential fraudulent activities, our revenue and earnings may be harmed; any significant offering quality problems or delays in our offerings could harm our revenue, earnings and reputation; our participation in the Free File Alliance may result in lost revenue opportunities and cannibalization of our traditional paid franchise; the continuing global economic downturn may continue to impact consumer and small business spending, financial institutions and tax filings, which could negatively affect our revenue and profitability; year-over-year changes in the total number of tax filings that are submitted to government agencies due to economic conditions or otherwise may result in lost revenue opportunities; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; our inability to adequately protect our intellectual property rights may weaken our competitive position and reduce our revenue and earnings; our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions; our use of significant amounts of debt to finance acquisitions or other activities could harm our financial condition and results of operation; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2013 and in our other SEC filings. You can locate these reports through our website at <http://investors.intuit.com>. Forward-looking statements are based on information as of May 20, 2014, and we do not undertake any duty to update any forward-looking statement or other information in these materials.

TABLE A
INTUIT INC.
GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Net revenue:				
Product	\$ 735	\$ 638	\$ 1,251	\$ 1,267
Service and other	1,653	1,453	2,541	2,270
Total net revenue	2,388	2,091	3,792	3,537
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	34	30	108	102
Cost of service and other revenue	130	110	363	334
Amortization of acquired technology	6	5	18	14
Selling and marketing	412	385	1,022	963
Research and development	186	166	548	503
General and administrative	121	106	348	307
Amortization of other acquired intangible assets	5	7	14	21
Total costs and expenses [A]	894	809	2,421	2,244
Operating income from continuing operations	1,494	1,282	1,371	1,293
Interest expense	(8)	(8)	(24)	(23)
Interest and other income, net	3	4	8	7
Income before income taxes	1,489	1,278	1,355	1,277
Income tax provision [B]	505	420	465	408
Net income from continuing operations	984	858	890	869
Net income (loss) from discontinued operations [C]	—	(36)	46	5
Net income	\$ 984	\$ 822	\$ 936	\$ 874
Basic net income per share from continuing operations	\$ 3.47	\$ 2.89	\$ 3.12	\$ 2.93
Basic net income (loss) per share from discontinued operations	—	(0.12)	0.16	0.02
Basic net income per share	\$ 3.47	\$ 2.77	\$ 3.28	\$ 2.95
Shares used in basic per share calculations	284	297	285	296
Diluted net income per share from continuing operations	\$ 3.39	\$ 2.83	\$ 3.06	\$ 2.87
Diluted net income (loss) per share from discontinued operations	—	(0.12)	0.16	0.02
Diluted net income per share	\$ 3.39	\$ 2.71	\$ 3.22	\$ 2.89
Shares used in diluted per share calculations	290	304	291	303
Dividends declared per common share	\$ 0.19	\$ 0.17	\$ 0.57	\$ 0.51

See accompanying Notes.

**INTUIT INC.
NOTES TO TABLE A**

[A] The following table summarizes the total share-based compensation expense that we recorded in operating income from continuing operations for the periods shown.

<i>(in millions)</i>	Three Months Ended		Nine Months Ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Cost of revenue	\$ 2	\$ 1	\$ 6	\$ 4
Selling and marketing	13	15	44	47
Research and development	16	13	46	39
General and administrative	18	14	52	43
Total share-based compensation expense	<u>\$ 49</u>	<u>\$ 43</u>	<u>\$ 148</u>	<u>\$ 133</u>

[B] 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 adding the effects of any discrete income tax items specific to the period.

Our effective tax rates for the three and nine months ended April 30, 2014 were approximately 34% and those tax rates did not differ significantly from the federal statutory rate of 35% .

Our effective tax rate for the three months ended April 30, 2013 was approximately 33% and did not differ significantly from the federal statutory rate of 35% . Our effective tax rate for the nine months ended April 30, 2013 was approximately 32% . Excluding discrete tax items that included the retroactive effect of the reinstatement of the research and experimentation credit as described above, our effective tax rate for that period was approximately 34% and did not differ significantly from the federal statutory rate of 35% .

[C] On August 1, 2013 we completed the sale of our Intuit Financial Services (IFS) business for approximately \$1.025 billion in cash. We recorded a gain on the disposal of IFS of approximately \$36 million, net of income taxes, in the first quarter of fiscal 2014.

On August 19, 2013 we completed the sale of our Intuit Health business for cash consideration that was not significant and recorded a loss on disposal that was offset by a related income tax benefit of approximately \$14 million, resulting in a net gain on disposal of approximately \$10 million in the first quarter of fiscal 2014.

On September 17, 2012 we sold our Intuit Websites business for approximately \$60 million in cash and recorded a gain on disposal of approximately \$32 million, net of income taxes.

We have reclassified our statements of operations for all periods presented to reflect these three businesses as discontinued operations. We have also segregated the net assets of IFS from continuing operations on our balance sheet at July 31, 2013. The net assets of Intuit Websites and Intuit Health were not significant, so we have not segregated them from continuing operations on our balance sheet at July 31, 2013. Because the cash flows of our Intuit Websites, IFS, and Intuit Health discontinued operations were not material for any period presented, we have not segregated the cash flows of those businesses from continuing operations on our statements of cash flows.

TABLE B
INTUIT INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
TO MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
GAAP operating income from continuing operations	\$ 1,494	\$ 1,282	\$ 1,371	\$ 1,293
Amortization of acquired technology	6	5	18	14
Amortization of other acquired intangible assets	5	7	14	21
Professional fees for business combinations	2	—	2	—
Share-based compensation expense	49	43	148	133
Non-GAAP operating income from continuing operations	<u>\$ 1,556</u>	<u>\$ 1,337</u>	<u>\$ 1,553</u>	<u>\$ 1,461</u>
GAAP net income	\$ 984	\$ 822	\$ 936	\$ 874
Amortization of acquired technology	6	5	18	14
Amortization of other acquired intangible assets	5	7	14	21
Professional fees for business combinations	2	—	2	—
Share-based compensation expense	49	43	148	133
Net gains on debt securities and other investments	1	—	—	1
Income tax effect of non-GAAP adjustments	(23)	(20)	(57)	(69)
Net income from discontinued operations	—	36	(46)	(5)
Non-GAAP net income	<u>\$ 1,024</u>	<u>\$ 893</u>	<u>\$ 1,015</u>	<u>\$ 969</u>
GAAP diluted net income per share	\$ 3.39	\$ 2.71	\$ 3.22	\$ 2.89
Amortization of acquired technology	0.02	0.02	0.06	0.05
Amortization of other acquired intangible assets	0.02	0.02	0.05	0.07
Professional fees for business combinations	0.01	—	0.01	—
Share-based compensation expense	0.17	0.14	0.51	0.44
Net gains on debt securities and other investments	—	—	—	—
Income tax effect of non-GAAP adjustments	(0.08)	(0.07)	(0.20)	(0.23)
Net income from discontinued operations	—	0.12	(0.16)	(0.02)
Non-GAAP diluted net income per share	<u>\$ 3.53</u>	<u>\$ 2.94</u>	<u>\$ 3.49</u>	<u>\$ 3.20</u>
Shares used in diluted per share calculation	<u>290</u>	<u>304</u>	<u>291</u>	<u>303</u>

See “About Non-GAAP Financial Measures” immediately following Table E for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

TABLE C
INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	April 30, 2014	July 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,574	\$ 1,009
Investments	1,059	652
Accounts receivable, net	277	130
Income taxes receivable	2	62
Deferred income taxes	137	166
Prepaid expenses and other current assets	116	98
Current assets of discontinued operations	—	44
Current assets before funds held for customers	3,165	2,161
Funds held for customers	273	235
Total current assets	3,438	2,396
Long-term investments	31	83
Property and equipment, net	566	555
Goodwill	1,313	1,246
Acquired intangible assets, net	155	149
Other assets	107	102
Long-term assets of discontinued operations	—	955
Total assets	\$ 5,610	\$ 5,486
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 193	\$ 137
Accrued compensation and related liabilities	215	218
Deferred revenue	499	495
Income taxes payable	277	2
Other current liabilities	226	154
Current liabilities of discontinued operations	—	39
Current liabilities before customer fund deposits	1,410	1,045
Customer fund deposits	273	235
Total current liabilities	1,683	1,280
Long-term debt	499	499
Other long-term obligations	190	167
Long-term obligations of discontinued operations	—	9
Total liabilities	2,372	1,955
Stockholders' equity	3,238	3,531
Total liabilities and stockholders' equity	\$ 5,610	\$ 5,486

TABLE D
INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended	
	April 30, 2014	April 30, 2013
Cash flows from operating activities:		
Net income	\$ 936	\$ 874
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	110	124
Amortization of acquired intangible assets	37	45
Goodwill and intangible asset impairment charge	—	46
Share-based compensation expense	148	142
Pre-tax gain on sale of discontinued operations	(40)	(53)
Deferred income taxes	62	52
Tax benefit from share-based compensation plans	52	65
Excess tax benefit from share-based compensation plans	(52)	(65)
Other	16	12
Total adjustments	<u>333</u>	<u>368</u>
Changes in operating assets and liabilities:		
Accounts receivable	(148)	(129)
Income taxes receivable	60	52
Prepaid expenses and other assets	(18)	(3)
Accounts payable	56	76
Accrued compensation and related liabilities	(18)	(20)
Deferred revenue	(9)	(11)
Income taxes payable	275	274
Other liabilities	63	79
Total changes in operating assets and liabilities	<u>261</u>	<u>318</u>
Net cash provided by operating activities	<u>1,530</u>	<u>1,560</u>
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(917)	(675)
Sales of available-for-sale debt securities	218	279
Maturities of available-for-sale debt securities	318	165
Net change in money market funds and other cash equivalents held to satisfy customer fund obligations	(38)	106
Net change in customer fund deposits	38	(106)
Purchases of property and equipment	(121)	(147)
Acquisitions of businesses, net of cash acquired	(90)	(9)
Acquisitions of intangible assets, net of cash acquired	(10)	(2)
Proceeds from divestiture of businesses	1,025	60
Other	(4)	(18)
Net cash provided by (used in) investing activities	<u>419</u>	<u>(347)</u>
Cash flows from financing activities:		
Net proceeds from issuance of stock under employee stock plans	161	185
Purchases of treasury stock	(1,425)	(292)
Cash dividends paid to stockholders	(165)	(152)
Excess tax benefit from share-based compensation plans	52	65
Net cash used in financing activities	<u>(1,377)</u>	<u>(194)</u>
Effect of exchange rates on cash and cash equivalents	(7)	—
Net increase in cash and cash equivalents	<u>565</u>	<u>1,019</u>

Cash and cash equivalents at beginning of period	1,009	393
Cash and cash equivalents at end of period	<u>\$ 1,574</u>	<u>\$ 1,412</u>

TABLE E
INTUIT INC.
RECONCILIATION OF FORWARD-LOOKING GUIDANCE FOR NON-GAAP FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME (LOSS), AND EPS
(In millions, except per share amounts)
(Unaudited)

	Forward-Looking Guidance					
	GAAP Range of Estimate		Adjmts	Non-GAAP Range of Estimate		
	From	To		From	To	
Three Months Ending July 31, 2014						
Revenue	\$ 683	\$ 713	\$ —		\$ 683	\$ 713
Operating income (loss)	\$ (46)	\$ (26)	\$ 73	[a]	\$ 27	\$ 47
Diluted earnings per share	\$ (0.12)	\$ (0.10)	\$ 0.18	[b]	\$ 0.06	\$ 0.08
Twelve Months Ending July 31, 2014						
Revenue	\$ 4,475	\$ 4,505	\$ —		\$ 4,475	\$ 4,505
Operating income	\$ 1,325	\$ 1,345	\$ 255	[c]	\$ 1,580	\$ 1,600
Diluted earnings per share	\$ 3.08	\$ 3.12	\$ 0.46	[d]	\$ 3.54	\$ 3.58

See “About Non-GAAP Financial Measures” immediately following this Table E for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

- [a] Reflects estimated adjustments for share-based compensation expense of approximately \$61 million, amortization of acquired technology of approximately \$7 million, amortization of other acquired intangible assets of approximately \$5 million.
- [b] Reflects the estimated adjustments in item [a] and income taxes related to these adjustments.
- [c] Reflects estimated adjustments for share-based compensation expense of approximately \$211 million; amortization of acquired technology of approximately \$25 million; and amortization of other acquired intangible assets of approximately \$19 million.
- [d] Reflects the estimated adjustments in item [c], income taxes related to these adjustments, and the net gain on discontinued operations of \$46 million.

INTUIT INC.
ABOUT NON-GAAP FINANCIAL MEASURES

The accompanying press release dated May 20, 2014 contains non-GAAP financial measures. Table B and Table E reconcile the non-GAAP financial measures in that press release to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year. We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures.

We exclude the following items from all of our non-GAAP financial measures:

- Share-based compensation expense
- Amortization of acquired technology
- Amortization of other acquired intangible assets
- Goodwill and intangible asset impairment charges
- Professional fees for business combinations

We also exclude the following items from non-GAAP net income (loss) and diluted net income (loss) per share:

- Gains and losses on debt and equity securities and other investments
- Income tax effects of excluded items
- Discontinued operations

We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when planning and forecasting and when assessing the performance of the organization, our individual operating segments or our senior management. Segment managers are not held accountable for share-based compensation expense, amortization, or the other excluded items and, accordingly, we exclude these amounts from our measures of segment performance. We believe that our non-GAAP financial measures also facilitate the comparison by management and investors of results for current periods and guidance for future periods with results for past periods.

The following are descriptions of the items we exclude from our non-GAAP financial measures.

Share-based compensation expenses . These consist of non-cash expenses for stock options, restricted stock units and our Employee Stock Purchase Plan. When considering the impact of equity awards, we place greater emphasis on overall shareholder dilution rather than the accounting charges associated with those awards.

Amortization of acquired technology and amortization of other acquired intangible assets . When we acquire an entity, we are required by GAAP to record the fair values of the intangible assets of the entity and amortize them over their useful lives. Amortization of acquired technology in cost of revenue includes amortization of software and other technology assets of acquired entities. Amortization of other acquired intangible assets in operating expenses includes amortization of assets such as customer lists, covenants not to compete and trade names.

Goodwill and intangible asset impairment charges . We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying values of goodwill and other acquired intangible assets to their estimated fair values.

Professional fees for business combinations . We exclude from our non-GAAP financial measures the professional fees we incur to complete business combinations. These include investment banking, legal and accounting fees.

Gains and losses on debt and equity securities and other investments . We exclude from our non-GAAP financial measures gains and losses that we record when we sell or impair available-for-sale debt and equity securities and other investments.

Income tax effects of excluded items and certain discrete tax items . We exclude from our non-GAAP financial measures the income tax effects of the items described above, as well as income tax effects related to business combinations. In addition, the effects of one-time income tax adjustments recorded in a specific quarter for GAAP purposes are reflected on a forecasted basis in our non-GAAP financial measures. This is consistent with how we plan, forecast and evaluate our operating results.

Operating results and gains and losses on the sale of discontinued operations . From time to time, we sell or otherwise dispose of selected operations as we adjust our portfolio of businesses to meet our strategic goals. In accordance with GAAP, we segregate the operating results of discontinued operations as well as gains and losses on the sale of these discontinued operations from continuing operations on our GAAP statements of operations but continue to include them in GAAP net income or loss and net income or loss per share. We exclude these amounts from our non-GAAP financial measures.

The reconciliations of the forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures in Table E include all information reasonably available to Intuit at the date of this press release. These tables include adjustments that we can reasonably predict. Events that could cause the reconciliation to change include acquisitions and divestitures of businesses, goodwill and other asset impairments, and sales of available-for-sale debt securities and other investments.