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

FORM 10-Q

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

For the quarterly period ended January 31, 2019

OR

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

For the transition period from ____________ to ____________ .

Commission File Number 0-21180

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

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

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 259,072,994 shares of Common Stock, $0.01 par value, were outstanding at February 15, 2019 .

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Forward-Looking Statements

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 “expect,” “anticipate,” “intend,” “plan,” “believe,” “forecast,” “estimate,” “seek,” 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;
- our beliefs and expectations regarding seasonality, competition and other trends that affect our business;
- our expectation that we will continue to invest significant resources in our product development, marketing and sales capabilities;
- our expectation that we will continue to invest significant management attention and resources in our information technology infrastructure and in our privacy and security capabilities;
- our expectation that we will work with the broader industry and government to protect our customers from fraud;
- our expectation that we will generate significant cash from operations;
- our expectation that total service and other revenue as a percentage of our total revenue will continue to grow;
- our expectations regarding the development of future products, services, business models and technology platforms and our research and development efforts;
- our assumptions underlying our critical accounting policies and estimates, including our judgments and estimates regarding revenue recognition; stock volatility and other assumptions used to estimate the fair value of share-based compensation; the fair value of goodwill; and expected future amortization of acquired intangible assets;
- our intention not to sell our investments and our belief that it is more likely than not that we will not be required to sell them before recovery at par;
- our belief that the investments we hold are not other-than-temporarily impaired;
- our belief that we take prudent measures to mitigate investment related risks;
- 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;
- our belief that it is not reasonably possible that there will be a significant increase or decrease in our unrecognized tax benefits over the next 12 months;
- our belief that our cash and cash equivalents, investments and cash generated from operations will be sufficient to meet our seasonal working capital needs, capital expenditure requirements, contractual obligations, debt service requirements and other liquidity requirements associated with our operations for at least the next 12 months;
- our expectation that we will return excess cash generated by operations to our stockholders through repurchases of our common stock and the payment of cash dividends, after taking into account our operating and strategic cash needs;
- our judgments and assumptions relating to our loan portfolio;
- our belief that the credit facility will be available to us should we choose to borrow under it; and
- our assessments and beliefs regarding the future outcome of pending legal proceedings and inquiries by regulatory authorities, the liability, if any, that Intuit may incur as a result of those proceedings and inquiries, and the impact of any potential losses associated with such proceedings or inquiries on our financial statements.

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 revise or update any forward-looking statement for any reason.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS *(unaudited)*

(In millions, except per share amounts)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Net revenue:				
Product	$ 533	$ 529	$ 880	$ 899
Service and other	969	810	1,638	1,350
Total net revenue	1,502	1,339	2,518	2,249
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	26	27	41	45
Cost of service and other revenue	254	216	481	394
Amortization of acquired technology	5	3	10	5
Selling and marketing	548	469	894	777
Research and development	295	286	589	579
General and administrative	140	143	277	288
Amortization of other acquired intangible assets	1	1	3	2
Total costs and expenses	1,269	1,145	2,295	2,090
Operating income	233	194	223	159
Interest expense	(4)	(6)	(8)	(11)
Interest and other income, net	6	5	6	8
Income before income taxes	235	193	221	156
Income tax provision (benefit)	46	10	(2)	(25)
Net income	$ 189	$ 183	$ 223	$ 181
Basic net income per share	$ 0.73	$ 0.72	$ 0.86	$ 0.71
Shares used in basic per share calculations	260	256	260	256
Diluted net income per share	$ 0.72	$ 0.70	$ 0.84	$ 0.70
Shares used in diluted per share calculations	264	260	264	260
Cash dividends declared per common share	$ 0.47	$ 0.39	$ 0.94	$ 0.78

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*

(In millions)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Net income	$ 189	$ 183	$ 223	$ 181
Other comprehensive income (loss), net of income taxes:				
Unrealized gain (loss) on available-for-sale debt securities	1	(1)	1	(1)
Foreign currency translation gain (loss)	3	10	(1)	3
Total other comprehensive income, net	4	9	—	2
Comprehensive income	$ 193	$ 192	$ 223	$ 183

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS *(unaudited)*

(In millions)	January 31, 2019	July 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,075	$ 1,464
Investments	258	252
Accounts receivable, net	554	98
Income taxes receivable	70	39
Prepaid expenses and other current assets	253	202
Current assets before funds held for customers	2,210	2,055
Funds held for customers	434	367
Total current assets	2,644	2,422
Long-term investments	13	13
Property and equipment, net	810	812
Goodwill	1,611	1,611
Acquired intangible assets, net	49	61
Other assets	208	215
Total assets	$ 5,335	$ 5,134
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Short-term debt	$ 50	$ 50
Accounts payable	400	178
Accrued compensation and related liabilities	221	369
Deferred revenue	639	581
Other current liabilities	257	198
Current liabilities before customer fund deposits	1,567	1,376
Customer fund deposits	434	367
Total current liabilities	2,001	1,743
Long-term debt	363	388
Long-term deferred income tax liabilities	51	68
Other long-term obligations	124	119
Total liabilities	2,539	2,318
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	5,623	5,338
Treasury stock, at cost	(11,328)	(11,050)
Accumulated other comprehensive loss	(36)	(36)
Retained earnings	8,537	8,564
Total stockholders’ equity	2,796	2,816
Total liabilities and stockholders’ equity	$ 5,335	$ 5,134

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY *(unaudited)*

	Three Months Ended January 31, 2019					
(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at October 31, 2018	**259,571**	**$ 5,501**	**$ (11,151)**	**$ (40)**	**$ 8,472**	**$ 2,782**
Comprehensive income	—	—	—	4	189	193
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	414	21		—	—	21
Stock repurchases under stock repurchase programs	(875)	—	(177)	—	—	(177)
Dividends and dividend rights declared ($0.47 per share)	—	—	—	—	(124)	(124)
Share-based compensation expense	—	101	—	—	—	101
Balance at January 31, 2019	**259,110**	**$ 5,623**	**$ (11,328)**	**$ (36)**	**$ 8,537**	**$ 2,796**

	Six Months Ended January 31, 2019					
(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2018	**258,616**	**$ 5,338**	**$ (11,050)**	**$ (36)**	**$ 8,564**	**$ 2,816**
Comprehensive income	—	—	—	—	223	223
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	1,836	78		—	—	78
Stock repurchases under stock repurchase programs	(1,342)	—	(278)	—	—	(278)
Dividends and dividend rights declared ($0.94 per share)	—	—	—	—	(250)	(250)
Share-based compensation expense	—	207	—	—	—	207
Balance at January 31, 2019	**259,110**	**$ 5,623**	**$ (11,328)**	**$ (36)**	**$ 8,537**	**$ 2,796**

	Three Months Ended January 31, 2018					
(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at October 31, 2017	**255,667**	**$ 4,999**	**$ (10,948)**	**$ (29)**	**$ 7,540**	**$ 1,562**
Comprehensive income	—	—	—	9	183	192
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	939	57	—	—	—	57
Stock repurchases under stock repurchase programs	(530)	—	(83)	—	—	(83)
Dividends and dividend rights declared ($0.39 per share)	—	—	—	—	(102)	(102)
Share-based compensation expense	—	95	—	—	—	95
Balance at January 31, 2018	**256,076**	**$ 5,151**	**$ (11,031)**	**$ (20)**	**$ 7,621**	**$ 1,721**

	Six Months Ended January 31, 2018					
(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2017	**255,668**	**$ 4,857**	**$ (10,778)**	**$ (22)**	**$ 7,642**	**$ 1,699**
Comprehensive income	—	—	—	2	181	183
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	2,163	101	—	—	—	101
Stock repurchases under stock repurchase programs	(1,755)	—	(253)	—	—	(253)
Dividends and dividend rights declared ($0.78 per share)	—	—	—	—	(202)	(202)
Share-based compensation expense	—	193	—	—	—	193
Balance at January 31, 2018	**256,076**	**$ 5,151**	**$ (11,031)**	**$ (20)**	**$ 7,621**	**$ 1,721**

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

	Six Months Ended	
(In millions)	**January 31, 2019**	**January 31, 2018**
Cash flows from operating activities:		
Net income	$ 223	$ 181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	99	117
Amortization of acquired intangible assets	13	10
Share-based compensation expense	205	191
Deferred income taxes	(21)	(25)
Other	6	7
Total adjustments	302	300
Changes in operating assets and liabilities:		
Accounts receivable	(456)	(428)
Income taxes receivable	(1)	31
Prepaid expenses and other assets	(54)	(65)
Accounts payable	210	176
Accrued compensation and related liabilities	(146)	(89)
Deferred revenue	58	5
Other liabilities	62	63
Total changes in operating assets and liabilities	(327)	(307)
Net cash provided by operating activities	**198**	**174**
Cash flows from investing activities:		
Purchases of corporate and customer fund investments	(153)	(137)
Sales of corporate and customer fund investments	42	68
Maturities of corporate and customer fund investments	106	66
Net change in customer fund deposits	67	50
Purchases of property and equipment	(80)	(77)
Acquisitions of businesses, net of cash acquired	—	(362)
Originations of term loans to small businesses	(152)	(40)
Principal repayments of term loans from small businesses	116	18
Other	13	(22)
Net cash used in investing activities	**(41)**	**(436)**
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	—	800
Repayments on borrowings under revolving credit facility	—	(160)
Repayment of debt	(25)	(25)
Proceeds from issuance of stock under employee stock plans	154	150
Payments for employee taxes withheld upon vesting of restricted stock units	(76)	(49)
Cash paid for purchases of treasury stock	(274)	(253)
Dividends and dividend rights paid	(251)	(205)
Other	(5)	—
Net cash provided by (used in) financing activities	**(477)**	**258**
Effect of exchange rates on cash, cash equivalents, restricted cash, and restricted cash equivalents	(2)	3
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**(322)**	**(1)**
Cash, cash equivalents, restricted cash, and restricted cash equivalents at beginning of period	1,631	701
Cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	**$ 1,309**	**$ 700**
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the consolidated balance sheets to the total amounts reported on the consolidated statements of cash flows		
Cash and cash equivalents	$ 1,075	$ 478
Restricted cash and restricted cash equivalents included in funds held for customers	234	222
Total cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	**$ 1,309**	**$ 700**

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 helps consumers, small businesses, and the self-employed prosper by delivering financial management and compliance products and services. We also provide specialized tax products to accounting professionals, who are key partners that help us reach small business customers.

Our flagship brands, QuickBooks and TurboTax, help customers run their small businesses, pay employees and send invoices, separate business and personal expenses, track their money, and file income taxes. ProSeries and Lacerte are our leading tax preparation offerings for professional accountants. Incorporated in 1984 and headquartered in Mountain View, California, we sell our products and services primarily in the United States.

Basis of Presentation

These condensed consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. We have eliminated all significant intercompany balances and transactions in consolidation. We have included all adjustments, consisting only of normal recurring items, which we considered necessary for a fair presentation of our financial results for the interim periods presented.

We acquired TSheets.com LLC, Exactor, Inc., and Applatix, Inc. in the second quarter of fiscal 2018. We have included the results of operations for these companies in our consolidated statements of operations from the dates of acquisition.

Effective August 1, 2018, we adopted the requirements of Accounting Standards Update (ASU) 2014-09, " *Revenue from Contracts with Customers (Topic 606)* " and ASU 2016-18, " *Statement of Cash Flows (Topic 230): Restricted Cash* ." All prior period amounts and disclosures set forth in this Quarterly Report on Form 10-Q have been restated to comply with these standards.

These unaudited condensed consolidated financial statements and accompanying notes should be read together with the audited consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 . Results for the six months ended January 31, 2019 do not necessarily indicate the results we expect for the fiscal year ending July 31, 2019 or any other future period.

Seasonality

Our Consumer and Strategic Partner offerings have a significant and distinct seasonal pattern as sales and revenue from our income tax preparation products and services are heavily concentrated in the period from November through April. This seasonal pattern results in higher net revenues during our second and third quarters ending January 31 and April 30, respectively.

Significant Accounting Policies

We describe our significant accounting policies in Note 1 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 . See the discussion of changes to our revenue recognition policy for the adoption of Topic 606, the new revenue recognition standard, below. There have been no other changes to our significant accounting policies during the first six months of fiscal 2019.

Revenue Recognition

We derive revenue from the sale of packaged software products, software subscriptions, hosted services, payroll services, merchant payment processing services, financial supplies and hardware. We enter into contracts with customers that include promises to transfer various products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized when the promised goods or services are transferred to customers, in an amount that reflects the consideration allocated to the respective performance obligation.

Nature of Products and Services

Desktop Offerings

Our desktop offerings consist of our QuickBooks Desktop products, which include both packaged software products and software subscriptions, our consumer and professional tax desktop products, which include TurboTax, Lacerte and ProSeries, our desktop payroll products, and merchant payment processing services for small businesses who use our desktop offerings.

Our QuickBooks Desktop packaged software products include a perpetual software license as well as enhancements and connected services. We recognize revenue for our QuickBooks Desktop packaged software products at the time the software license is delivered. We have determined that the enhancements and connected services included in our QuickBooks Desktop packaged software products are immaterial within the context of the contract.

Our QuickBooks Desktop software subscriptions include a term software license, version protection, enhancements, support and various connected services. We recognize revenue for the software license and version protection at the time they are delivered and recognize revenue for support and connected services over the subscription term as the services are provided. We have determined that the enhancements included in our QuickBooks Desktop software subscriptions are immaterial within the context of the contract.

Our consumer and professional tax desktop products include an on-premise tax software license, related tax form updates, electronic filing service and connected services. We recognize revenue for the software license and related tax form updates, as one performance obligation, over the period the forms and updates are delivered. We recognize revenue for our electronic filings service and connected services as those services are provided.

We also sell some of our QuickBooks Desktop products and consumer tax desktop products in non-consignment and consignment arrangements to certain retailers. For non-consignment retailers, we begin recognizing revenue when control has transferred to the retailer. For consignment retailers, we begin recognizing revenue when control has transferred to the customer, at the time the end-user sale has occurred.

Our desktop payroll products are sold as software subscriptions and include a term software license with a stand-ready obligation to maintain compliance with current payroll tax laws, support and connected services. The term software license and stand-ready obligation to maintain compliance with current payroll tax laws is considered one performance obligation. Each of the performance obligations is considered distinct and control is transferred to the customer over the subscription term. As a result, revenue is recognized ratably over the subscription term as services are provided.

We offer merchant payment processing services as a separately paid connected service for our QuickBooks Desktop packaged software products and software subscriptions, and revenue is recognized as the services are provided to the customers.

Online Offerings

Our online offerings include our TurboTax Online products, ProConnect Tax Online products, QuickBooks Online products, online payroll products, and merchant payment processing services for small businesses who use our online offerings.

These online offerings provide customers with the right to use the hosted software over the contract period without taking possession of the software and are billed on either a subscription or consumption basis. Revenue related to our online offerings that are billed on a subscription basis is recognized ratably over the contract period. Revenue related to online offerings that are billed on a consumption basis, is recognized when the customer consumes the related service.

Other Solutions

Revenue from the sale of our financial supplies, such as printed check stock, and hardware, such as retail point-of-sale equipment and credit card readers for mobile phones, is recognized when control is transferred to the customer which is generally when the products are shipped.

We also have revenue-sharing and royalty arrangements with third-party partners and recognize this revenue as earned based upon reporting provided to us by our partners. In instances where we do not have reporting from our partners, we estimate revenue based on information available to us at the time.

Product Revenue and Service and Other Revenue

Product revenue includes revenue from: QuickBooks Desktop software licenses and version protection; consumer and professional tax desktop licenses and the related form updates; desktop payroll licenses and related updates; and financial supplies.

Service and other revenue includes revenue from: our online offerings discussed above; support, electronic filing services and connected services included with our desktop offerings; merchant payment processing services for our desktop offerings; and revenue-sharing and royalty arrangements.

We record revenue net of sales tax obligations. For payroll services, we generally require customers to remit payroll tax funds to us in advance of the payroll date via electronic funds transfer. We include in total net revenue the interest earned on these funds between the time that we collect them from customers and the time that we remit them to outside parties. Revenue for electronic payment processing services that we provide to merchants is recorded net of interchange fees charged by credit card associations.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates. These judgments and estimates include identifying performance obligations in the contract, determining whether the performance obligations are distinct, determining the standalone sales price (SSP) for each distinct performance obligation, determining the timing of revenue recognition for distinct performance obligations and estimating the amount of variable consideration to include in the transaction price.

The functionality of the software licenses included in our consumer and professional tax and payroll desktop offerings is dependent on the related enhancements and updates included in these offerings. Judgment is required to determine whether the software license is considered distinct and accounted for separately, or not distinct and accounted for together with the related updates and recognized over time.

Our contracts with customers include promises to transfer various products and services, which are generally capable of being distinct performance obligations. In many cases SSPs for distinct performance obligations are based on directly observable pricing. In instances where the SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions and other observable inputs.

Our consumer and professional tax desktop products include an on-premise tax software license and related tax form updates that are recognized as the forms and updates are delivered. We measure progress towards complete satisfaction of the software license and related tax form updates using an output method based on the timing of when the tax forms are delivered.

We generally provide refunds to customers for product returns and subscription cancellations. We also provide promotional discounts and incentive rebates on retail and distribution sales. These refunds, discounts and incentive rebates are accounted for as variable consideration when estimating the amount of revenue to recognize. Refunds are estimated based on historical experience and current business and economic indicators and updated at the end of each reporting period as additional information becomes available to the extent that it is probable that a significant reversal of any incremental revenue will not occur. Discounts and incentive rebates are estimated based on distributors' and retailers' performance against the terms and conditions of the rebate programs.

Deferred Revenue

Generally, we receive payment at the time we enter into a contract with a customer. We record deferred revenue when we have entered into a contract with a customer and cash payments are received or due prior to transfer of control or satisfaction of the related performance obligation. During the three and six months ended January 31, 2019 , we recognized revenue of $149 million and $476 million respectively that was included in deferred revenue at July 31, 2018 . During the three and six months ended January 31, 2018 , we recognized revenue of $140 million and $479 million respectively that was included in deferred revenue at July 31, 2017 .

Our performance obligations are generally satisfied within 12 months of the initial contract date. As of January 31, 2019 and July 31, 2018 , the deferred revenue balance related to performance obligations that will be satisfied after 12 months was $3 million and $3 million , respectively, and is included in other long-term obligations on our consolidated balance sheets.

Assets Recognized from the Costs to Obtain a Contract with a Customer

Our internal sales commissions are considered incremental costs of obtaining the contract with a customer. Internal sales commissions for subscription offerings where we expect the benefit of those costs to continue longer than one year are capitalized and amortized ratably over the period of benefit, which ranges from three to four years. Total capitalized costs to obtain a contract are included in prepaid expenses and other current assets and other assets on our consolidated balance sheets.

We apply a practical expedient to expense costs incurred to obtain a contract with a customer when the period of benefit is less than one year. These costs primarily include internal and external sales commissions for our consumer and professional tax offerings.

Use of Estimates

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), we make certain judgments, estimates, and assumptions that affect the amounts reported in our financial statements and the disclosures made in the accompanying notes. For example, we use judgments and estimates in determining how revenue should be recognized. These judgments and estimates include identifying performance obligations, determining if the performance obligations are distinct, determining the SSP and timing of revenue recognition for each distinct performance obligation, and estimating variable consideration to be included in the transaction price. We use estimates in determining the collectibility of accounts receivable and notes receivable, the appropriate levels of various accruals including accruals for litigation contingencies, the amount of our worldwide tax provision, and the realizability of deferred tax assets. We also use estimates in determining the remaining economic lives and fair values of acquired intangible assets, property and equipment, and other long-lived assets. In addition, we use assumptions to estimate the fair value of reporting units and share-based compensation. Despite our intention to establish accurate estimates and use reasonable assumptions, actual results may differ from our estimates.

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 treasury stock method.

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 and the amount of compensation expense for future service that we have not yet recognized for stock options and RSUs are assumed to be used to repurchase shares.

All of the RSUs we grant have dividend rights. Dividend rights are accumulated and paid when the underlying RSUs vest. Since the dividend rights are subject to the same vesting requirements as the underlying equity awards they are considered a contingent transfer of value. Consequently, the RSUs are not considered participating securities and we do not present them separately in earnings per share.

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

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

	Three Months Ended		Six Months Ended	
(In millions, except per share amounts)	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018
Numerator:				
Net income	$ 189	$ 183	$ 223	$ 181
Denominator:				
Shares used in basic per share amounts:				
Weighted average common shares outstanding	260	256	260	256
Shares used in diluted per share amounts:				
Weighted average common shares outstanding	260	256	260	256
Dilutive common equivalent shares from stock options and restricted stock awards	4	4	4	4
Dilutive weighted average common shares outstanding	264	260	264	260
Basic and diluted net income per share:				
Basic net income per share	$ 0.73	$ 0.72	$ 0.86	$ 0.71
Diluted net income per share	$ 0.72	$ 0.70	$ 0.84	$ 0.70
Shares excluded from diluted net income per share:				
Weighted average stock options and restricted stock units that have been excluded from dilutive common equivalent shares outstanding due to their anti-dilutive effect	1	2	1	2

Notes Receivable and Allowances for Loan Losses

Notes receivable consist of term loans to small businesses and are included in prepaid expenses and other current assets on our consolidated balance sheets. As of January 31, 2019 and July 31, 2018 , the notes receivable balance was $88 million and $55 million , respectively, and the allowance for loan losses were not significant. The term loans are not secured and are recorded at amortized cost, net of allowances for loan losses. We maintain an allowance for loan losses to reserve for potentially uncollectible notes receivable. We evaluate the creditworthiness of our loan portfolio on a pooled basis due to its composition of small, homogeneous loans with similar general credit risk and characteristics and apply a loss rate at the time of loan origination. The loss rate and underlying model are updated periodically to reflect actual loan performance and changes in assumptions. We make judgments about the known and inherent risks in the loan portfolio, adverse situations that may affect borrowers' ability to repay and current economic conditions. When we determine that amounts are uncollectible, we write them off against the allowance.

Concentration of Credit Risk and Significant Customers

No customer accounted for 10% or more of total net revenue in the three or six months ended January 31, 2019 or January 31, 2018 . Due to the seasonality of our consumer tax offerings, one large retailer accounted for 13% of gross accounts receivable at January 31, 2019 . No customer accounted for 10% or more of gross accounts receivable at July 31, 2018 .

Accounting Standards Recently Adopted

Business Combinations - In January 2017 the FASB issued ASU 2017-01, " *Business Combinations (Topic 805): Clarifying the Definition of a Business* . " This standard clarifies the definition of a business in order to allow for the evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. We adopted this standard in the first quarter of our fiscal year beginning August 1, 2018. The impact of the adoption of ASU 2017-01 on our consolidated financial statements is not material.

Statement of Cash Flows - In August 2016 the FASB issued ASU 2016-15, " *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* This standard makes eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. We adopted this standard in the first quarter of our fiscal year beginning August 1, 2018. The impact of the adoption of ASU 2016-15 on our consolidated financial statements is not material.

Income Taxes - In October 2016, the FASB issued ASU 2016-16, " *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory."* This standard requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs, as opposed to historical GAAP guidance which prohibited the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset had been sold to an outside party. We adopted this standard in the first quarter of our fiscal year beginning August 1, 2018. The impact of the adoption of ASU 2016-16 on our consolidated financial statements is not material.

Statement of Cash Flows - In November 2016 the FASB issued ASU 2016-18, " *Statement of Cash Flows (Topic 230): Restricted Cash* ." This standard provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. We adopted this standard in the first quarter of our fiscal year beginning August 1, 2018. We have modified our consolidated statements of cash flows to include restricted cash and restricted cash equivalents.

The adoption of ASU 2016-18 impacted our previously reported consolidated statement of cash flows as follows:

	Six Months Ended January 31, 2018		
(Dollars in millions)	**As Reported**	**ASU 2016-18 Adjustment**	**As Adjusted**
Net cash provided by (used in):			
Operating activities	$ 174	$ —	$ 174
Investing activities	(486)	50	(436)
Financing activities	258	—	258
Effect of exchange rates on cash, cash equivalents, restricted cash, and restricted cash equivalents	3	—	3
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	$ (51)	$ 50	$ (1)

***Revenue from Contracts with Customers* -** In May 2014 the FASB issued ASU 2014-09, " *Revenue from Contracts with Customers (Topic 606).* " This standard superseded nearly all existing revenue recognition guidance under U.S. GAAP. Under this standard, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. We adopted this standard in the first quarter of our fiscal year beginning August 1, 2018 using the full retrospective method, which requires us to restate each prior reporting period presented. We have implemented internal controls and processes to enable the preparation of financial information on adoption.

The most significant impact of the standard relates to the timing and amount of revenue recognized for our QuickBooks Desktop solutions and our consumer and professional tax desktop solutions. Our QuickBooks Desktop solutions include both packaged software products and software subscriptions.

Our QuickBooks Desktop packaged software products include a software license as well as enhancements and connected services. Under the new standard, we recognize revenue for the QuickBooks Desktop packaged software products at the time the software license is delivered rather than ratably over the period that enhancements and connected services are provided, which was approximately three years. We have determined that the enhancements and connected services included in our QuickBooks Desktop packaged software products are immaterial within the context of the contract.

Our QuickBooks Desktop software subscriptions include a software license, version protection, enhancements, support and various connected services. We recognize revenue for the software license and version protection at the time they are delivered and recognize revenue for support and connected services over the subscription term as the services are provided. Previously, we recognized revenue for our QuickBooks Desktop software subscriptions ratably over the subscription term, which is generally one year. We have determined that the enhancements included in our QuickBooks Desktop software subscriptions are immaterial within the context of the contract.

Our consumer and professional tax desktop solutions include a desktop tax preparation software license, tax form updates, electronic filing and connected services. We recognize revenue for the desktop tax preparation software license and related tax form updates as the forms and updates are delivered and recognize revenue for our electronic filing and connected services as those services are provided. Previously, we recognized all revenue related to tax desktop solutions as services were provided.

We capitalize the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year, which include internal sales commissions related to our subscription offerings.

The adoption of this standard resulted in a decrease in deferred revenue and long-term deferred income taxes, primarily due to the change in revenue recognition for our QuickBooks Desktop and professional tax desktop solutions. Additionally, the adoption of the standard resulted in the recognition of additional revenue and a decrease in the income tax benefit, primarily due to the net change in revenue recognition for our QuickBooks Desktop and professional tax desktop solutions. Our prepaid expenses and other current assets and other assets balances increased due to the capitalized costs to obtain a contract.

Adoption of ASU 2014-09 impacted our previously reported results as follows:

	July 31, 2018		
(In millions)	As Reported	Topic 606 Adjustment	As Adjusted
Prepaid expenses and other current assets	$ 184	$ 18	$ 202
Long-term deferred income taxes (1)	87	(85)	2
Other assets (1)	190	23	213
Deferred revenue	961	(380)	581
Other current liabilities	191	7	198
Long-term deferred revenue (2)	197	(194)	3
Other long-term obligations (2) (3)	123	61	184
Stockholders' equity	2,354	462	2,816

(1) Upon adoption, long-term deferred income taxes are included in other assets on our consolidated balance sheets.

(2) Upon adoption, long-term deferred revenue is included in other long-term obligations on our consolidated balance sheets.

(3) Balance includes long-term deferred income tax liabilities and other long-term obligations on our consolidated balance sheets.

	Three months ended January 31, 2018		
(In millions, except per share amounts)	As Reported	Topic 606 Adjustment	As Adjusted
Net revenue	$ 1,165	$ 174	$ 1,339
Selling and marketing expense	469	—	469
Operating income	20	174	194
Income tax provision	40	(30)	10
Net income (loss)	(21)	204	183
Diluted net income (loss) per share	$ (0.08)	$ 0.78	$ 0.70

	Six Months Ended January 31, 2018		
(In millions, except per share amounts)	As Reported	Topic 606 Adjustment	As Adjusted
Net revenue	$ 2,051	$ 198	$ 2,249
Selling and marketing expense	777	—	777
Operating income (loss)	(37)	196	159
Income tax benefit	(2)	(23)	(25)
Net income (loss)	(38)	219	181
Diluted net income (loss) per share	$ (0.15)	$ 0.85	$ 0.70

Adoption of Topic 606 had no impact to cash from or used in operating, financing, or investing on our consolidated statements of cash flows.

Accounting Standards Not Yet Adopted

Internal-Use Software - In August 2018 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-15, " *Intangibles—Goodwill and Other (Topic 350): Internal-Use Software."* This standard aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2019. Early adoption is permitted. We are currently evaluating the impact of our pending adoption of ASU 2018-15 on our consolidated financial statements.

Goodwill Impairment - In January 2017 the FASB issued ASU 2017-04, " *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment."* This standard eliminates Step 2 from the goodwill impairment test. Instead, an entity should compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2020. Early adoption is permitted. We are currently evaluating the impact of our pending adoption of ASU 2017-04 on our consolidated financial statements.

Financial Instruments - In June 2016 the FASB issued ASU 2016-13, " *Financial Instruments—Credit Losses (Topic 326).* " This standard requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2020. Earlier adoption is permitted in the first quarter of our fiscal year beginning August 1, 2019. We are currently evaluating the impact of our pending adoption of ASU 2016-13 on our consolidated financial statements.

Leases - In February 2016 the FASB issued ASU 2016-02, " *Leases (Topic 842).* " This standard amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2019. Early adoption is permitted. This standard is required to be adopted using a modified retrospective approach. We expect to elect certain available transitional practical expedients. In July 2018 the FASB issued ASU 2018-11, " *Leases (Topic 842) Targeted Improvements,"* which allows for the adoption of this standard to be applied at the beginning of the most recent fiscal year as opposed to at the beginning of the earliest year presented. We plan to adopt under the provisions allowed under ASU 2018-11. While we continue to evaluate the impact of our pending adoption of ASU 2016-02 on our consolidated financial statements, we expect that the real estate and equipment leases designated as operating leases as discussed in Note 9 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 will be recognized as right-of-use assets and corresponding lease liabilities on our consolidated balance sheets upon adoption. We do not expect the adoption of ASU 2016-02 to have a material impact on our consolidated statements of operations.

We do not expect that any other recently issued accounting pronouncements will have a significant effect on our financial statements.

2. Fair Value Measurements

Fair Value Hierarchy

The authoritative guidance defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, we consider the principal or most advantageous market for an asset or liability and assumptions that market participants would use when pricing the asset or liability. In addition, we consider and use all valuation methods that are appropriate in estimating the fair value of an asset or liability.

The authoritative guidance establishes a fair value hierarchy that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities. In general, the authoritative guidance requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of its fair value. The three levels of input defined by the authoritative guidance are as follows:

- **Level 1** uses unadjusted quoted prices that are available in active markets for identical assets or liabilities.
- **Level 2** uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data for substantially the full term of the assets or liabilities.
- **Level 3** uses one or more unobservable inputs that are supported by little or no market activity and that are significant to the determination of fair value. Level 3 assets and liabilities include those whose fair values are determined using pricing models, discounted cash flow methodologies or similar valuation techniques and significant management judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial assets and financial liabilities that we measured at fair value on a recurring basis at the dates indicated, classified in accordance with the fair value hierarchy described above.

	January 31, 2019				July 31, 2018			
(In millions)	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Cash equivalents, primarily time deposits, savings deposit accounts, and money market funds	$ 654	$ —	$ —	$ 654	$ 1,143	$ —	$ —	$ 1,143
Available-for-sale debt securities:								
Municipal bonds	—	9	—	9	—	31	—	31
Corporate notes	—	434	—	434	—	412	—	412
U.S. agency securities	—	15	—	15	—	9	—	9
Total available-for-sale securities	—	458	—	458	—	452	—	452
Total assets measured at fair value on a recurring basis	$ 654	$ 458	$ —	$ 1,112	$ 1,143	$ 452	$ —	$ 1,595

The following table summarizes our cash equivalents and available-for-sale debt securities by balance sheet classification and level in the fair value hierarchy at the dates indicated.

	January 31, 2019				July 31, 2018			
(In millions)	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:								
In cash and cash equivalents	$ 623	$ —	$ —	$ 623	$ 1,143	$ —	$ —	$ 1,143
In funds held for customers	31	—	—	31	—	—	—	—
Total cash equivalents	$ 654	$ —	$ —	$ 654	$ 1,143	$ —	$ —	$ 1,143
Available-for-sale debt securities:								
In investments	$ —	$ 258	$ —	$ 258	$ —	$ 252	$ —	$ 252
In funds held for customers	—	200	—	200	—	200	—	200
Total available-for-sale debt securities	$ —	$ 458	$ —	$ 458	$ —	$ 452	$ —	$ 452

We value our Level 1 assets, consisting primarily of time deposits, savings deposit accounts, and money market funds using quoted prices in active markets for identical instruments. Financial assets whose fair values we measure on a recurring basis using Level 2 inputs consist of municipal bonds, corporate notes, and U.S. agency securities. We measure the fair values of these assets with the help of a pricing service that either provides quoted market prices in active markets for identical or similar securities or uses observable inputs for their pricing without applying significant adjustments. Our fair value processes include controls that are designed to ensure that we record appropriate fair values for our Level 2 investments. These controls include comparison to pricing provided by a secondary pricing service or investment manager, validation of pricing sources and models, review of key model inputs, analysis of period-over-period price fluctuations, and independent recalculation of prices where appropriate.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six months ended January 31, 2019 .

3. 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. In all periods presented, cash equivalents consist primarily of time deposits, savings deposit accounts, and money market funds, investments consist primarily of investment-grade available-for-sale debt securities, and funds held for customers consist of cash and cash equivalents and investment-grade available-for-sale debt securities. 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 in debt securities 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.

	January 31, 2019		July 31, 2018	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Classification on consolidated balance sheets:				
Cash and cash equivalents	$ 1,075	$ 1,075	$ 1,464	$ 1,464
Investments	259	258	253	252
Funds held for customers	434	434	368	367
Long-term investments	13	13	13	13
Total cash and cash equivalents, investments, and funds held for customers	$ 1,781	$ 1,780	$ 2,098	$ 2,096

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

	January 31, 2019		July 31, 2018	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Type of issue:				
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	$ 1,309	$ 1,309	$ 1,631	$ 1,631
Available-for-sale debt securities:				
Municipal bonds	9	9	31	31
Corporate notes	435	434	414	412
U.S. agency securities	15	15	9	9
Total available-for-sale debt securities	459	458	454	452
Other long-term investments	13	13	13	13
Total cash and cash equivalents, investments, and funds held for customers	$ 1,781	$ 1,780	$ 2,098	$ 2,096

We use the specific identification method to compute gains and losses on investments. We include realized gains and losses on our available-for-sale debt securities in interest and other income on our consolidated statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the three and six months ended January 31, 2019 and January 31, 2018 were no t significant.

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive loss in the stockholders' equity section of our consolidated balance sheets. Gross unrealized gains and losses on our available-for-sale debt securities at January 31, 2019 and July 31, 2018 were no t significant.

We periodically review our investment portfolios to determine if any investment is other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. We believe that the investments we held at January 31, 2019 were not other-than-temporarily impaired. Unrealized losses on available-for-sale debt securities at January 31, 2019 were not significant and were due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. We do not intend to sell these investments. In addition, it is more likely than not that we will not be required to sell them before recovery at par, which may be at maturity.

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

	January 31, 2019		July 31, 2018	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 285	$ 284	$ 250	$ 250
Due within two years	116	115	117	116
Due within three years	35	35	66	65
Due after three years	23	24	21	21
Total available-for-sale debt securities	$ 459	$ 458	$ 454	$ 452

Funds held for customers represent cash held on behalf of our customers that is invested in cash and cash equivalents and investment grade available-for-sale securities, restricted for use solely for the purpose of satisfying amounts we owe on behalf of our customers, such as direct deposit payroll funds and payroll taxes.

The following table summarizes our funds held for customers by investment category at the dates indicated.

(In millions)	January 31, 2019	July 31, 2018
Restricted cash and restricted cash equivalents	$ 234	$ 167
Available-for-sale debt securities	200	200
Total funds held for customers	$ 434	$ 367

(In millions)	January 31, 2018	July 31, 2017
Restricted cash and restricted cash equivalents	$ 222	$ 172
Available-for-sale debt securities	200	200
Total funds held for customers	$ 422	$ 372

4. Current Liabilities

Short-Term Debt

On February 1, 2016 we entered into a master credit agreement with certain institutional lenders for a five -year credit facility in an aggregate principal amount of $1.5 billion . The master credit agreement includes a $500 million unsecured term loan and a $1 billion unsecured revolving credit facility. At January 31, 2019 , $413 million was outstanding under the term loan, of which $50 million was classified as short-term debt. See Note 5 , " *Long-Term Obligations and Commitments – Long-Term Debt,"* for more information regarding the term loan.

Unsecured Revolving Credit Facility

The master credit agreement we entered into on February 1, 2016 includes a $1 billion unsecured revolving credit facility that will expire on February 1, 2021. Under the master credit agreement we may, subject to certain customary conditions, on one or more occasions increase commitments under the revolving credit facility in an amount not to exceed $250 million in the aggregate and may extend the maturity date up to two times. Advances under the revolving credit facility accrue interest at rates that are equal to, at our election, either Bank of America's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London Interbank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5% . Actual margins under either election will be based on our senior debt credit ratings. The master credit agreement includes customary affirmative and negative covenants, including financial 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 as of any date and a ratio of annual EBITDA to annual interest expense of not less than 3.00 to 1.00 as of the last day of each fiscal quarter. We remained in compliance with these covenants at all times during the quarter ended January 31, 2019 . At January 31, 2019 no amounts were outstanding under this revolving credit facility. We paid no amount for interest on the revolving credit facility during the six months ended January 31, 2019 and $3 million during the six months ended January 31, 2018 .

Secured Revolving Credit Facility

In February 2019, a subsidiary of Intuit entered into a $300 million secured revolving credit facility with a lender. The revolving credit facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. Advances under this revolving credit facility will be used to fund a portion of our loans to qualified small businesses. The revolving credit facility is available for a term of two years and accrues interest at LIBOR plus 2.39% . We are subject to a minimum of 20% being drawn against the revolving credit facility and any unused portions of the credit facility accrue interest at a rate of 0.50% . The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios.

Other Current Liabilities

Other current liabilities were as follows at the dates indicated:

(In millions)	January 31, 2019	July 31, 2018
Executive deferred compensation plan liabilities	$ 100	$ 97
Reserve for promotional discounts and rebates	39	10
Reserve for product returns	52	17
Current portion of license fee payable	10	9
Current portion of deferred rent	6	6
Current portion of dividend payable	7	10
Other	43	49
Total other current liabilities	$ 257	$ 198

The balances of several of our other current liabilities, particularly our reserves for product returns and promotional discounts and rebates, are affected by the seasonality of our business. See Note 1 , *"Description of Business and Summary of Significant Accounting Policies – Seasonality,"* for more information.

5. Long-Term Obligations and Commitments

Long-Term Debt

On February 1, 2016 we entered into a master credit agreement with certain institutional lenders for a five-year credit facility in an aggregate principal amount of $1.5 billion , which includes a $500 million unsecured term loan. Under the master credit agreement we may, subject to certain customary conditions, on one or more occasions increase commitments under the term loan in an amount not to exceed $500 million in the aggregate. The term loan accrues interest at rates that are equal to, at our election, either Bank of America's alternate base rate plus a margin that ranges from 0.125% to 0.875% or LIBOR plus a margin that ranges from 1.125% to 1.875% . Actual margins under either election will be based on our senior debt credit ratings. The master credit agreement includes customary affirmative and negative covenants. See Note 4 , " *Current Liabilities – Unsecured Revolving Credit Facility,"* for more information. The term loan is subject to quarterly principal payments, which began in July 2017, of 2.5% of the original loan amount, with the balance payable on February 1, 2021. At January 31, 2019 , $413 million was outstanding under the term loan, of which $50 million was classified as short-term debt. The carrying value of the term loan approximates its fair value. Interest on the term loan is payable monthly. We paid $7 million for interest on the term loan during the six months ended January 31, 2019 and $5 million during the six months ended January 31, 2018 .

Other Long-Term Obligations

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

(In millions)	January 31, 2019	July 31, 2018
Total deferred rent	$ 49	$ 47
Long-term income tax liabilities	62	61
Total license fee payable	10	9
Total dividend payable	12	14
Other	15	15
Total long-term obligations	148	146
Less current portion (included in other current liabilities)	(24)	(27)
Long-term obligations due after one year	$ 124	$ 119

Operating Lease Commitments and Unconditional Purchase Obligations

We describe our operating lease commitments and purchase obligations in Note 9 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 . There were no significant changes in our operating lease commitments or purchase obligations during the six months ended January 31, 2019 .

6. 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 adding the effects of any discrete income tax items specific to the period. Our effective tax rates for the three and six months ended January 31, 2018 have been restated to reflect the full retrospective application of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." See Note 1, "Description of Business and Summary of Significant Accounting Policies - Accounting Standards Recently Adopted," for more information.

The Tax Cuts and Jobs Act (2017 Tax Act) was enacted on December 22, 2017 and reduced the U.S. statutory federal corporate tax rate from 35% to 21%. The effective date of the tax rate change was January 1, 2018. The change resulted in a blended lower U.S. statutory federal rate of 26.9% for fiscal 2018. In fiscal 2019, we fully benefit from the enacted lower tax rate of 21% .

On December 22, 2017 the SEC issued Staff Accounting Bulletin No. 118 (SAB 118), which provided guidance for companies that were not able to complete their accounting for the income tax effects of the 2017 Tax Act in the period of enactment. The guidance allowed us to record provisional amounts to the extent a reasonable estimate could be made and provided us with up to one year from enactment date to finalize accounting for the impacts of the 2017 Tax Act. During the three and six month ended January 31, 2018, we recorded a provisional benefit of $37 million related to the re-measurement of our net deferred tax liability balance. As of January 31, 2019, we have completed our accounting for the income tax effects of the 2017 Tax Act, and no material adjustments were made during the fiscal 2019 period.

For the three and six months ended January 31, 2019, we recognized excess tax benefits on share-based compensation of $8 million and $49 million , respectively, in our provision for income taxes. For the three and six months ended January 31, 2018, we recognized excess tax benefits on share-based compensation of $8 million and $33 million , respectively, in our provision for income taxes.

Our effective tax rate for the three months ended January 31, 2019 was approximately 20% . For the six months ended January 31, 2019 we recorded a tax benefit of $2 million on pretax income of $221 million . Excluding discrete tax items, primarily related to share-based compensation tax benefits mentioned above, our effective tax rate for both periods was 23% and did not differ significantly from the federal statutory rate of 21% . The tax expense related to state income taxes and nondeductible share-based compensation was partially offset by the tax benefit we received from the federal research and experimentation credit.

Our effective tax rate for the three months ended January 31, 2018 was approximately 5% . For the six months ended January 31, 2018 we recorded a tax benefit of $25 million on pretax income of $156 million . Excluding discrete tax items, primarily related to the re-measurement of our net deferred tax liability balance and the share-based compensation tax benefits mentioned above, our effective tax rate for both periods was 27% and did not differ significantly from the federal statutory rate of 26.9% . The tax expense related to state income taxes and nondeductible share-based compensation was partially offset by the tax benefit we received from the domestic production activities deduction and the federal research and experimentation credit.

Unrecognized Tax Benefits and Other Considerations

The total amount of our unrecognized tax benefits at July 31, 2018 was $90 million. Net of related deferred tax assets, unrecognized tax benefits were $57 million at that date. If we were to recognize these net benefits, our income tax expense would reflect a favorable net impact of $57 million. There were no material changes to these amounts during the six months ended January 31, 2019 . We do not believe that it is reasonably possible that there will be a significant increase or decrease in our unrecognized tax benefits over the next 12 months.

7. Stockholders' Equity

Stock Repurchase Programs and Treasury Shares

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 1.3 million shares for $278 million under these programs during the six months ended January 31, 2019 . Included in this amount were $4 million of repurchases which occurred in late January 2019 and were settled in early February 2019. At January 31, 2019 , we had authorization from our Board of Directors to expend up to an additional $3.0 billion for stock repurchases. Future stock repurchases under the current programs are at the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

Our treasury shares are repurchased at the market price on the trade date; accordingly, all amounts paid to reacquire these shares have been recorded as treasury stock on our consolidated balance sheets. 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.

In the past we have satisfied option exercises and restricted stock unit vesting under our employee equity incentive plans by reissuing treasury shares, and we may do so again in the future. During the second quarter of fiscal 2014 we began issuing new shares of common stock to satisfy option exercises and RSU vesting under our 2005 Equity Incentive Plan. We have not yet determined the ultimate disposition of the shares that we have repurchased in the past, and consequently we continue to hold them as treasury shares.

Dividends on Common Stock

During the six months ended January 31, 2019 we declared quarterly cash dividends that totaled $0.94 per share of outstanding common stock for a total of $250 million . In February 2019 our Board of Directors declared a quarterly cash dividend of $0.47 per share of outstanding common stock payable on April 18, 2019 to stockholders of record at the close of business on April 10, 2019 . Future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

Share-Based Compensation Expense

The following table summarizes the total share-based compensation expense that we recorded in operating income for the periods shown.

	Three Months Ended		Six Months Ended	
(In millions)	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018
Cost of revenue	$ 15	$ 13	$ 29	$ 16
Selling and marketing	25	25	55	50
Research and development	34	30	69	69
General and administrative	26	26	52	56
Total share-based compensation expense	$ 100	$ 94	$ 205	$ 191

We capitalized $1 million and $2 million in share-based compensation related to internal use software projects during the three and six months ended January 31, 2019 and $1 million and $2 million during the three and six months ended January 31, 2018 .

Share-Based Awards Available for Grant

A summary of share-based awards available for grant under our 2005 Equity Incentive Plan for the six months ended January 31, 2019 was as follows:

(Shares in thousands)	Shares Available for Grant
Balance at July 31, 2018	22,791
Options granted	(64)
Restricted stock units granted (1)	(722)
Share-based awards canceled/forfeited/expired (1) (2)	1,987
Balance at January 31, 2019	23,992

(1) RSUs granted from the pool of shares available for grant under our 2005 Equity Incentive Plan reduce the pool by 2.3 shares for each share granted. RSUs forfeited and returned to the pool of shares available for grant increase the pool by 2.3 shares for each share forfeited.

(2) Stock options and RSUs canceled, expired or forfeited under our 2005 Equity Incentive Plan are returned to the pool of shares available for grant. Shares withheld for income taxes upon vesting of RSUs that were granted on or after July 21, 2016 are also returned to the pool of shares available for grant. Stock options and RSUs canceled, expired or forfeited under older expired plans are not returned to the pool of shares available for grant.

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Stock Option Activity and Related Share-Based Compensation Expense

A summary of stock option activity for the six months ended January 31, 2019 was as follows:

	Options Outstanding	
(Shares in thousands)	Number of Shares	Weighted Average Exercise Price Per Share
Balance at July 31, 2018	5,154	$ 120.26
Granted	64	225.47
Exercised	(1,129)	97.08
Canceled or expired	(214)	128.23
Balance at January 31, 2019	3,875	$ 128.30
Exercisable at January 31, 2019	2,358	$ 109.10

At January 31, 2019 , there was approximately $45 million of unrecognized compensation cost related to non-vested stock options with a weighted average vesting period of 2.3 years. We will adjust unrecognized compensation cost for actual forfeitures as they occur.

Restricted Stock Unit Activity and Related Share-Based Compensation Expense

A summary of restricted stock unit (RSU) activity for the six months ended January 31, 2019 was as follows:

	Restricted Stock Units	
(Shares in thousands)	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at July 31, 2018	7,383	$ 131.50
Granted	314	211.12
Vested	(1,083)	104.75
Forfeited	(657)	95.18
Nonvested at January 31, 2019	5,957	$ 144.57

At January 31, 2019 , there was approximately $641 million of unrecognized compensation cost related to non-vested RSUs with a weighted average vesting period of 2.5 years. We will adjust unrecognized compensation cost for actual forfeitures as they occur.

8. Litigation

In fiscal 2015 Intuit was contacted by certain state and federal regulatory authorities in connection with inquiries regarding an increase during the 2015 tax season in attempts by criminals using stolen identity information to file fraudulent tax returns and claim refunds. Intuit provided information in response to those inquiries and now believes those inquiries are resolved.

A consolidated putative class action lawsuit was filed by individuals who claim to have suffered damages in connection with the 2015 events. On May 23, 2018, the parties reached a settlement in principle of this matter. The settlement has been preliminarily approved and remains subject to final approval by the court. The terms of the settlement are not material to our consolidated financial statements. In the event the settlement does not receive final approval by the court, the litigation may resume and we may not be able to predict the outcome of such lawsuit. We continue to believe that the allegations in this lawsuit are without merit.

Intuit is subject to certain routine legal proceedings, including class action lawsuits like the suit described above, as well as demands, claims, government inquiries 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, in addition to any amounts accrued, the amount of potential losses, if any, for any pending claims of any type (either alone or combined) will not have a material impact on our consolidated financial statements. 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.

9. Segment Information

We have defined our three 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. Our chief operating decision maker organizes and manages our business primarily on the basis of product and service offerings.

Small Business & Self-Employed **:** This segment targets small businesses and the self-employed around the world, and the accounting professionals who serve and advise them. Our offerings include QuickBooks financial and business management online services and desktop software, payroll solutions, merchant payment processing solutions, and financing for small businesses.

Consumer **:** This segment targets consumers and includes do-it-yourself and assisted TurboTax income tax preparation products and services sold in the U.S. and Canada. Our Mint and Turbo offerings target consumers and help them understand and improve their financial lives by offering a view of their financial health.

Strategic Partner **:** This segment targets professional accountants in the U.S. and Canada, who are essential to both small business success and tax preparation and filing. Our professional tax offerings include Lacerte, ProSeries, ProFile, and ProConnect Tax Online.

All of our segments operate primarily in the United States and sell primarily to customers in the United States. International total net revenue was less than 5% of consolidated total net revenue for all periods presented.

We include expenses such as corporate selling and marketing, product development, general and administrative, and share-based compensation, which are not allocated to specific segments, in unallocated corporate items. Unallocated corporate items also include amortization of acquired technology, amortization of other acquired intangible assets, and goodwill and intangible asset impairment charges.

The accounting policies of our reportable segments are the same as those described in the summary of significant accounting policies in Note 1 to the financial statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 and in Note 1 , *"Description of Business and Summary of Significant Accounting Policies – Significant Accounting Policies"* in this Quarterly Report on Form 10-Q. Except for goodwill and purchased intangible assets, we do not generally track assets by reportable segment and, consequently, we do not disclose total assets by reportable segment.

The following table shows our financial results by reportable segment for the periods indicated.

	Three Months Ended		Six Months Ended	
(In millions)	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018
Net revenue:				
Small Business & Self-Employed	$ 833	$ 713	$ 1,741	$ 1,532
Consumer	461	416	551	490
Strategic Partner	208	210	226	227
Total net revenue	$ 1,502	$ 1,339	$ 2,518	$ 2,249
Operating income:				
Small Business & Self-Employed	$ 320	$ 258	$ 780	$ 682
Consumer	164	151	123	92
Strategic Partner	166	164	146	139
Total segment operating income	650	573	1,049	913
Unallocated corporate items:				
Share-based compensation expense	(100)	(94)	(205)	(191)
Other common expenses	(311)	(281)	(608)	(556)
Amortization of acquired technology	(5)	(3)	(10)	(5)
Amortization of other acquired intangible assets	(1)	(1)	(3)	(2)
Total unallocated corporate items	(417)	(379)	(826)	(754)
Total operating income	$ 233	$ 194	$ 223	$ 159

Revenue classified by significant product and service offerings was as follows:

(In millions)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Net revenue:				
QuickBooks Online Accounting	$ 231	$ 168	$ 448	$ 317
Online Services	163	117	317	230
Total Online Ecosystem	394	285	765	547
QuickBooks Desktop Accounting	154	147	382	396
Desktop Services and Supplies	285	281	594	589
Total Desktop Ecosystem	439	428	976	985
Small Business & Self-Employed	833	713	1,741	1,532
Consumer	461	416	551	490
Strategic Partner	208	210	226	227
Total net revenue	$ 1,502	$ 1,339	$ 2,518	$ 2,249

Revenue from our QuickBooks Desktop packaged software products was $37 million and $66 million for the three and six months ended January 31, 2019 , respectively, and $40 million and $70 million for the three and six months ended January 31, 2018 , respectively. These amounts are included in the QuickBooks Desktop Accounting revenue presented in the table above.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide readers of our consolidated financial statements with the perspectives of management. This should allow the readers of this report to obtain a comprehensive understanding of our businesses, strategies, current trends, and future prospects. Our MD&A includes the following sections:

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

You should note that this MD&A contains forward-looking statements that involve risks and uncertainties. Please see the section entitled "Forward-Looking Statements" immediately preceding Part 1 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 Part I, Item 1 of this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended July 31, 2018 .

We adopted the new accounting standards for revenue recognition effective August 1, 2018. Beginning with the first quarter of our fiscal 2019 , our financial results reflect the adoption of the standards with the prior periods restated accordingly. See Note 1 to the financial statements in Part I, Item 1 of this Quarterly Report for more information.

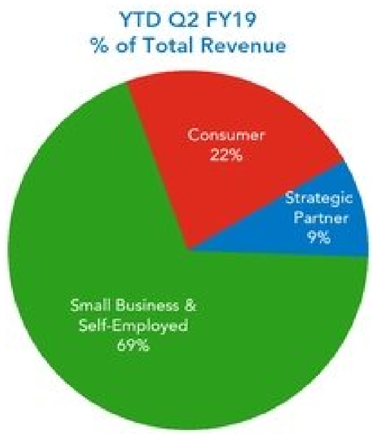
In fiscal 2018 we acquired TSheets.com LLC, Exactor, Inc., and Applatix, Inc. We have included their results of operations in our consolidated results of operations from the dates of acquisition.

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 as well as our future prospects. This summary is not intended to be exhaustive, nor is it a substitute for the detailed discussion and analysis provided elsewhere in this Quarterly Report on Form 10-Q.

About Intuit

Intuit helps consumers, small businesses, and the self-employed prosper by delivering financial management and compliance products and services. We also provide specialized tax products to accounting professionals, who are key partners that help us reach small business customers. We organize our businesses into three reportable segments – Small Business & Self-Employed, Consumer, and Strategic Partner.



Small Business & Self-Employed **:** This segment targets small businesses and the self-employed around the world, and the accounting professionals who serve and advise them. Our offerings include QuickBooks financial and business management online services and desktop software, payroll solutions, merchant payment processing solutions, and financing for small businesses.

Consumer **:** This segment targets consumers and includes do-it-yourself and assisted TurboTax income tax preparation products and services sold in the U.S. and Canada. Our Mint and Turbo offerings target consumers and help them understand and improve their financial lives by offering a view of their financial health.

Strategic Partner **:** This segment targets professional accountants in the U.S. and Canada, who are essential to both small business success and tax preparation and filing. Our professional tax offerings include Lacerte, ProSeries, ProFile, and ProConnect Tax Online.

Our Growth Strategy

At Intuit, our strategy starts with a focus on our customers. We listen to our customers, understand their challenges, and then use technology to develop innovative solutions designed to solve their problems and help them prosper. For more than three decades, we have reinvented and disrupted ourselves to better serve our customers, as we continue to transform to a global platform and product company. Our assessment of external trends – the emergence and influence of the digital generation, and the growth in the self-employed workforce – reveals significant opportunities to drive future growth. The result is a global market that is shifting from traditional services that are manual in nature to more automated, interconnected services that work on platforms and increasingly rely on artificial intelligence and machine learning.

Our strategy is built on the strength of our One Intuit Ecosystem, designed to unlock the power of many for the prosperity of each and every participant. Our evolving strategy focuses on three elements:

- **Personalized experiences :** With customer provided data and the use of artificial intelligence and machine learning, we can create increasingly valuable personalized and easy to use experiences that delight and serve our customers. For example, our TurboTax solutions use machine learning to create a customized interview, asking questions uniquely tailored to each individual situation. By delivering an amazing end-to-end experience, we offer customers the value they expect from our offerings as quickly and easily as possible.

- **Trusted open platform :** Our open platform allows our customers to use and share their financial data with us and third party partners to help improve their financial lives. One example of this is our QuickBooks open platform, where small businesses and accountants can install apps created by third-party developers to enhance the functionality and personalization of the QuickBooks experience.

- **Indispensable connections :** Within our One Intuit Ecosystem, we strive to build connections between customers, partners, and products on our platform. For example, our TurboTax Live offering connects our TurboTax customers with tax experts. Additionally, QuickBooks offers a match-making service that connects small businesses with accountants, helping small businesses succeed and accountants grow their practices.

As part of our strategy, we also develop relationships with strategic partners that enable us to serve consumers, the self-employed and small businesses globally. Strategic partners include financial institutions, enterprise platforms, educational institutions and accountants, and our strategy allows us to co-create indispensable connections by sharing expertise, product integrations, and new solutions to solve more customer problems.

Industry Trends and Seasonality

Industry Trends

The rapid expansion of cloud-based services is creating a more dynamic and highly competitive software industry. High availability and speed of service are reshaping customer expectations around the world. These shifts are accelerating product introductions and enhancements. Among cloud-based service companies, free business models and micro-job solutions are also becoming more prevalent within the industry. Personalization and data-driven insights, augmented by artificial intelligence and machine learning, are transforming the way that people manage their financial lives.

Seasonality

Our Consumer and Strategic Partner offerings have a significant and distinct seasonal pattern as sales and revenue from our income tax preparation products and services are heavily concentrated in the period from November through April. This seasonal pattern results in higher net revenues during our second and third quarters ending January 31 and April 30, respectively.

Key Challenges and Risks

Our growth strategy depends upon our ability to initiate and embrace disruptive technology trends, to enter new markets, and to drive broad adoption of the products and services we develop and market. Our future growth also increasingly depends on the strength of our third-party business relationships and our ability to continue to develop, maintain and strengthen new and existing relationships. To remain competitive and continue to grow, we are investing significant resources in our product development, marketing, and sales capabilities, and we expect to continue to do so in the future.

As we offer more online services, the ongoing operation and availability of our platforms and systems and those of our external service providers is becoming increasingly important. Because we help customers manage their financial lives, we face risks associated with the hosting, collection, use, and retention of personal customer information and data. We are investing significant management attention and resources in our information technology infrastructure and in our privacy and security capabilities, and we expect to continue to do so in the future.

For our consumer and professional tax offerings, we have implemented additional security measures and are continuing to work with state and federal governments to share information regarding suspicious filings. We continue to invest in security measures and to work with the broader industry and government to protect our customers against this type of fraud.

For a complete discussion of the most significant risks and uncertainties affecting our business, please see *"Forward-Looking Statements"* immediately preceding Part 1 and *"Risk Factors"* in Item 1A of Part II of this Quarterly Report.

Overview of Financial Results

The most important financial indicators that we use to assess our business are revenue growth for the company as a whole, for each reportable segment, and for product lines within each reportable segment; operating income growth and operating income margins for the company as a whole and for each reportable segment; earnings per share; and cash flow from operations. We also track certain non-financial drivers of revenue growth and, when material, identify them in the applicable discussions of segment results below. These non-financial drivers include, for example, customer growth and retention for all of our businesses. Online service offerings are a significant part of our business. Our total service and other revenue was $4.4 billion or 73% of our total revenue in fiscal 2018 and we expect our total service and other revenue to continue to grow in the future.

Key highlights for the first six months of fiscal 2019 include the following:

Revenue of	Small Business & Self-Employed revenue of	Cash, cash equivalents, and investments of
$2.5 B	**$1.7 B**	**$1.3 B**
up 12% from the same period of fiscal 2018	up 14% from same period of fiscal 2018	

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 consolidated balance sheets. 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, 2018 have the greatest potential impact on our financial statements, so we consider them to be our critical accounting policies and estimates. Below, we have updated our revenue recognition critical accounting policy for the adoption of the new revenue recognition standard. Other than the changes to our revenue recognition critical accounting policy, we believe that there were no other significant changes in the critical accounting policies and estimates included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2018, during the first six months of fiscal 2019 . 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 and Risk Committee of our Board of Directors.

Revenue Recognition

We derive revenue from the sale of packaged software products, software subscriptions, hosted services, payroll services, merchant payment processing services, financial supplies and hardware. Our contracts with customers often include promises to transfer multiple products and services to a customer. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates within the revenue recognition process. These judgments and estimates include (1) identifying performance obligations in the contract; (2) determining whether the performance obligations are distinct; (3) determining the standalone sales price (SSP) for each distinct performance obligation; (4) determining the timing of revenue recognition for distinct performance obligations; and (5) estimating the amount of variable consideration to include in the transaction price. If we were to change any of these judgments or estimates, it could cause a material increase or decrease in the amount of revenue we report in a particular period. For additional information, see "Revenue Recognition" in Note 1 to the financial statements in Part 1, Item 1 of this Quarterly Report.

RESULTS OF OPERATIONS

Financial Overview

(Dollars in millions, except per share amounts)	Q2 FY19	Q2 FY18	$ Change	% Change	YTD Q2 FY19	YTD Q2 FY18	$ Change	% Change
Total net revenue	$ 1,502	$ 1,339	$ 163	12%	$ 2,518	$ 2,249	$ 269	12%
Operating income	233	194	39	20%	223	159	64	40%
Net income	189	183	6	3%	223	181	42	23%
Diluted net income per share	$ 0.72	$ 0.70	$ 0.02	3%	$ 0.84	$ 0.70	$ 0.14	20%

Current Fiscal Quarter

Total net revenue for the second quarter of fiscal 2019 increased $163 million or 12% compared with the same quarter of fiscal 2018 . Our Small Business & Self-Employed segment revenue increased due to growth in the Online Ecosystem and our Consumer segment revenue increased due to a shift in mix to our higher end product offerings. See "Segment Results" later in this Item 2 for more information about the results for all of our reportable segments.

Operating income for the second quarter of fiscal 2019 increased $39 million or 20% compared with the same quarter of fiscal 2018 . The increase was due to the increase in revenue described above partially offset by higher costs and expenses for advertising, marketing, and staffing. See " *Operating Expenses* " later in this Item 2 for more information.

Net income increased $6 million or 3% for the second quarter of fiscal 2019 compared with the same quarter of fiscal 2018 due to the increase in operating income described above, partially offset by a higher effective tax rate in the fiscal 2019 period. As a result of the 2017 Tax Cuts and Jobs Act (2017 Tax Act), in fiscal 2018 we recognized a $37 million tax benefit related to the re-measurement of our net deferred tax liability balance which resulted in a lower effective tax rate during the period. See "Non-Operating Income and Expenses - Income Taxes" later in Item 2 for more information. Diluted net income per share increased 3% to $0.72 for the second quarter of fiscal 2019 , in line with the increase in net income.

Fiscal Year to Date

Total net revenue for the first six months of fiscal 2019 increased $269 million or 12% compared with the same period of fiscal 2018 . Our Small Business & Self-Employed segment revenue increased due to growth in the Online Ecosystem and our Consumer segment revenue increased due to a shift in mix to our higher end product offerings. See " *Segment Results* " later in this Item 2 for more information about the results for all of our reportable segments.

Operating income for the first six months of fiscal 2019 increased $64 million or 40% compared with the same period of fiscal 2018 . The increase was due to the increase in revenue described above partially offset by higher costs and expenses for advertising, marketing, and staffing. See " *Operating Expenses* " later in this Item 2 for more information.

Net income increased $42 million or 23% for the first six months of fiscal 2019 compared with the same period of fiscal 2018 due to the increase in operating income described above partially offset by a by a higher effective tax rate in the fiscal 2019 period. During the first six months of fiscal 2019, we recognized excess tax benefits on share-based compensation of $49 million as compared to $33 million during the first six months of fiscal 2018. The increase in excess tax benefits on share-based compensation was primarily due to our increased stock price during the period. During fiscal 2018, as a result of the 2017 Tax Act, we also recognized a $37 million tax benefit related to the re-measurement of our net deferred tax liability balance, which resulted in a lower effective tax rate. See "Non-Operating Income and Expenses - Income Taxes" later in Item 2 for more information. Diluted net income per share increased 20% to $0.84 for the first six months of fiscal 2019, in line with the increase in net income.

Segment Results

The information below is organized in accordance with our three reportable segments. See *"Executive Overview – About Intuit"* earlier in this Item 2 and Note 9 to the financial statements in Part I, Item 1 of this Quarterly Report for more information. All of our segments operate and sell to customers primarily in the United States. International total net revenue was less than 5% of consolidated total net revenue for all periods presented.

Segment operating income or loss is segment net revenue less segment cost of revenue and operating expenses. See *"Executive Overview – Industry Trends and Seasonality"* earlier in this Item 2 for a description of the seasonality of our business. Segment expenses do not include certain costs, such as corporate selling and marketing, product development, general and administrative expenses, and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled $813 million in the first six months of fiscal 2019 and $747 million in the first six months of fiscal 2018 . Unallocated costs increased in the fiscal 2019 period due to increased corporate product development, selling and marketing, and general and administrative expenses in support of the growth of our businesses and higher share-based compensation expenses. Segment expenses also do not include amortization of acquired technology, amortization of other acquired intangible assets, and goodwill and intangible asset impairment charges which totaled $13 million in the first six months of fiscal 2019 and $7 million in the first six months of fiscal 2018 . See Note 9 to the financial statements in Part I, Item 1 of this Quarterly Report for reconciliations of total segment operating income or loss to consolidated operating income or loss for each fiscal period presented.

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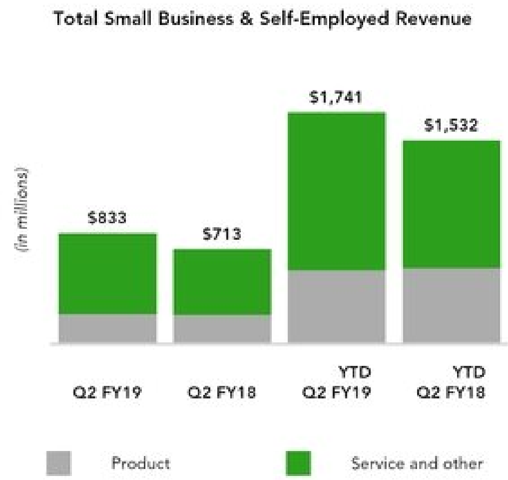
Small Business & Self-Employed



Small Business & Self-Employed segment includes both Online Ecosystem and Desktop Ecosystem revenue.

Our Online Ecosystem includes revenue from QuickBooks Online and QuickBooks Self-Employed financial and business management offerings; small business payroll services, including QuickBooks Online Payroll, Intuit Online Payroll, Intuit Full Service Payroll; merchant payment processing services for small businesses who use online offerings; and financing for small businesses.

Our Desktop Ecosystem includes revenue from our QuickBooks Desktop packaged software products (Desktop Pro, Desktop for Mac, Desktop Premier, and QuickBooks Point of Sale); QuickBooks Desktop software subscriptions (QuickBooks Desktop Pro Plus, QuickBooks Desktop Premier Plus, and QuickBooks Enterprise, and ProAdvisor Program memberships for the accounting professionals who serve small businesses); desktop payroll products (QuickBooks Basic Payroll, QuickBooks Assisted Payroll and QuickBooks Enhanced Payroll); merchant payment processing services for small businesses who use desktop offerings; and financial supplies.

Segment product revenue is derived from revenue related to software license and version protection for our QuickBooks Desktop products and subscriptions, license and related updates for our desktop payroll products and financial supplies, which are all part of our Desktop Ecosystem. Segment service and other revenue is derived from our Online Ecosystem revenue; and Desktop Ecosystem revenue related to support and connected services for our QuickBooks Desktop and desktop payroll products and subscriptions and merchant payment processing services.

(Dollars in millions)	Q2 FY19	Q2 FY18	% Change	YTD Q2 FY19	YTD Q2 FY18	% Change
Product revenue	$ 231	$ 223	4%	$ 560	$ 577	(3)%
Service and other revenue	602	490	23%	1,181	955	24 %
Total segment revenue	$ 833	$ 713	17%	$ 1,741	$ 1,532	14 %
% of total revenue	55%	53%		69%	68%	
Segment operating income	$ 320	$ 258	24%	$ 780	$ 682	14 %
% of related revenue	38%	36%		45%	45%	

Revenue for our Small Business & Self-Employed segment increased $120 million or 17% in the second quarter of fiscal 2019 and $209 million or 14% in the first six months of fiscal 2019 compared with the same periods of fiscal 2018 . The increase in both periods was primarily due to growth in Online Ecosystem revenue.

Online Ecosystem

Online Ecosystem revenue increased 38% in the second quarter of fiscal 2019 and 40% in the first six months of fiscal 2019 compared with the same periods of fiscal 2018. QuickBooks Online Accounting revenue increased 38% in the second quarter of fiscal 2019 and 41% in the first six months of fiscal 2019 due to an increase in QuickBooks Online subscribers and average revenue per customer. At January 31, 2019 QuickBooks Online subscribers were 3.9 million, up 38% compared with the same point in time a year ago. Online Services revenue increased 39% in the second quarter of fiscal 2019 and 38% in the first six months of fiscal 2019 primarily due to customer growth in online payroll and payments and an increase in revenue from other online services.

Desktop Ecosystem

Desktop Ecosystem revenue increased 3% for the second quarter of fiscal 2019 compared with the same period of fiscal 2018 primarily driven by customer growth in our QuickBooks Enterprise, payroll, and payments offerings. QuickBooks Desktop subscribers were up 8% as compared with the same point in time a year ago.

Desktop Ecosystem revenue decreased slightly in the first six months of fiscal 2019 as compared with the same period of fiscal 2018, primarily due to a decrease in revenue from the delivery of version protection for our QuickBooks Enterprise customers. The decrease in revenue from version protection was partially offset by an increase in license revenue for our
QuickBooks Enterprise offering and an increase in revenue from our payroll and payments offerings as a result of customer growth during the period.

Small Business & Self-Employed segment operating income increased 24% in the second quarter of fiscal 2019 and 14% in the first six months of fiscal 2019 as compared with the same periods of fiscal 2018. These increases were primarily due to the higher Online Ecosystem revenue described above partially offset by higher expenses for advertising, marketing, and staffing.

Consumer

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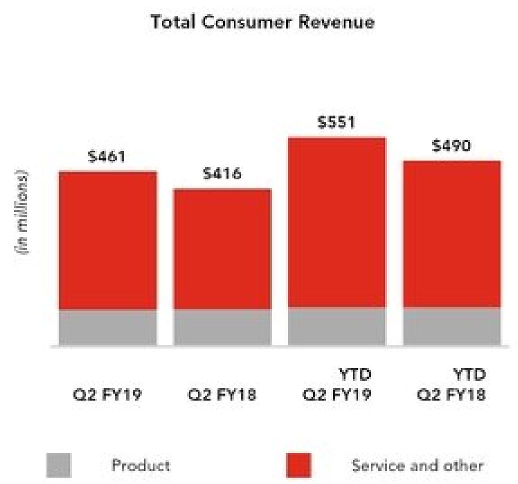

Consumer segment product revenue is derived primarily from TurboTax desktop tax return preparation software and related form updates.

Consumer segment service and other revenue is derived primarily from TurboTax Online products, electronic tax filing services and connected services, and also from our Mint and Turbo offerings.

(Dollars in millions)	Q2 FY19	Q2 FY18	% Change	YTD Q2 FY19	YTD Q2 FY18	% Change
Product revenue	$ 98	$ 100	(2)%	$ 104	$ 105	(1)%
Service and other revenue	363	316	15 %	447	385	16 %
Total segment revenue	$ 461	$ 416	11 %	$ 551	$ 490	12 %
% of total revenue	31%	31%		22%	22%	
Segment operating income	$ 164	$ 151	9 %	$ 123	$ 92	34 %
% of related revenue	36%	36%		22%	19%	

Total Consumer segment revenue increased $61 million or 12% in the first six months of fiscal 2019 compared with the same period of fiscal 2018 , primarily driven by a shift in mix to our higher end product offerings. Because of the seasonality of our Consumer revenue, we do not believe that revenue for the first six months of fiscal 2019 is indicative of revenue trends for the current fiscal year. We will not have substantially complete results for the 2018 tax season until the third quarter of fiscal 2019.

Segment operating income increased 34% in the first six months of fiscal 2019 due to higher revenue as described above, which was partially offset by higher expenses for advertising and marketing. We do not believe that Consumer segment operating results for the first six months of fiscal 2019 are indicative of trends for the full fiscal year.

Strategic Partner

Total Strategic Partner Revenue

Strategic Partner segment product revenue is derived primarily from Lacerte, ProSeries, and ProFile desktop tax preparation software products and related form updates.

Strategic Partner segment service and other revenue is derived primarily from ProConnect Tax Online tax products, electronic tax filing service, connected services and, bank products.

(Dollars in millions)	Q2 FY19	Q2 FY18	% Change	YTD Q2 FY19	YTD Q2 FY18	% Change
Product revenue	$ 204	$ 206	(1)%	$ 216	$ 217	— %
Service and other revenue	4	4	— %	10	10	— %
Total segment revenue	$ 208	$ 210	(1)%	$ 226	$ 227	— %
% of total revenue	14%	16%		9%	10%	
Segment operating income	$ 166	$ 164	1 %	$ 146	$ 139	5 %
% of related revenue	80%	78%		65%	61%	

Total Strategic Partner segment revenue in the first six months of fiscal 2019 is relatively consistent with the same period of fiscal 2018 . Because of the seasonality of our Strategic Partner revenue, we do not believe that revenue for the first six months of fiscal 2019 is indicative of revenue trends for the current fiscal year. We will not have substantially complete results for the 2018 tax season until the third quarter of fiscal 2019.

Segment operating income increased 5% in the first six months of fiscal 2019 due to lower staffing expenses. We do not believe that Strategic Partner segment operating results for the first six months of fiscal 2019 are indicative of trends for the full fiscal year.

Cost of Revenue

(Dollars in millions)	Q2 FY19	% of Related Revenue	Q2 FY18	% of Related Revenue	YTD Q2 FY19	% of Related Revenue	YTD Q2 FY18	% of Related Revenue
Cost of product revenue	$ 26	5%	$ 27	5%	$ 41	5%	$ 45	5%
Cost of service and other revenue	254	26%	216	27%	481	29%	394	29%
Amortization of acquired technology	5	n/a	3	n/a	10	n/a	5	n/a
Total cost of revenue	$ 285	19%	$ 246	18%	$ 532	21%	$ 444	20%

Cost of product revenue as a percentage of product revenue was consistent in the second quarter and first six months of fiscal 2019 compared with the same periods of fiscal 2018 . We expense costs of product revenue as they are incurred for delivered software and we do not defer any of these costs when product revenue is deferred. Cost of service and other revenue as a percentage of service and other revenue was consistent in the second quarter and first six months of fiscal 2019 compared with the same periods of fiscal 2018 .

Operating Expenses

(Dollars in millions)	Q2 FY19	% of Total Net Revenue	Q2 FY18	% of Total Net Revenue	YTD Q2 FY19	% of Total Net Revenue	YTD Q2 FY18	% of Total Net Revenue
Selling and marketing	$ 548	37%	$ 469	35%	$ 894	36%	$ 777	34%
Research and development	295	20%	286	21%	589	23%	579	26%
General and administrative	140	9%	143	11%	277	11%	288	13%
Amortization of other acquired intangible assets	1	—%	1	—%	3	—%	2	—%
Total operating expenses	$ 984	66%	$ 899	67%	$ 1,763	70%	$ 1,646	73%

Current Fiscal Quarter

Total operating expenses as a percentage of total net revenue decreased slightly in the second quarter of fiscal 2019 compared to the same period of fiscal 2018 . Total net revenue for the second quarter of fiscal 2019 increased $163 million or 12% while total operating expenses for the quarter increased $85 million or 9% . Total operating expenses increased $64 million for higher advertising and marketing expenses and $15 million for higher staffing expenses due to higher headcount.

Fiscal Year to Date

Total operating expenses as a percentage of total net revenue decreased in the first six months of fiscal 2019 compared to the same period of fiscal 2018 . Total net revenue for the first six months of fiscal 2019 increased $269 million or 12% while total operating expenses for the period increased $117 million or 7% . Total operating expenses increased $78 million for higher advertising and marketing expenses and $35 million for higher staffing expenses due to higher headcount.

Non-Operating Income and Expenses

Interest Expense

Interest expense of $8 million for the first six months of fiscal 2019 consisted primarily of interest on our unsecured term loan. Interest expense of $11 million for the first six months of fiscal 2018 consisted primarily of interest on our unsecured term loan and unsecured revolving credit facility.

Interest and Other Income, Net

(In millions)	Q2 FY19	Q2 FY18	YTD Q2 FY19	YTD Q2 FY18
Interest income	$ 6	$ 2	$ 13	$ 4
Net gain (loss) on executive deferred compensation plan assets (1)	1	5	(3)	7
Other	(1)	(2)	(4)	(3)
Total interest and other income, net	$ 6	$ 5	$ 6	$ 8

(1)In accordance with authoritative guidance, we record gains and losses associated with executive deferred compensation plan assets in interest and other income and gains and losses associated with the related liabilities in operating expenses. The total amounts recorded in operating expenses for each period are approximately equal to the total amounts recorded in interest and other income in those periods.

Income Taxes

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period. Our effective tax rates for the three and six months ended January 31, 2018 have been restated to reflect the full retrospective application of ASU 2014-09, " *Revenue from Contracts with Customers (Topic 606).* " See Note 1 and Note 6 to the financial statements in Part I, Item I of this Quarterly Report for more information.

For the three and six months ended January 31, 2019, we recognized excess tax benefits on share-based compensation of $8 million and $49 million, respectively, in our provision for income taxes. For the three and six months ended January 31, 2018, we recognized excess tax benefits on share-based compensation of $8 million and $33 million, respectively, in our provision for income taxes.

Our effective tax rate for the three months ended January 31, 2019 was approximately 20%. For the six months ended January 31, 2019 we recorded a tax benefit of $2 million on pretax income of $221 million. Excluding discrete tax items primarily related to share-based compensation tax benefits mentioned above, our effective tax rate for both periods was 23% and did not differ significantly from the federal statutory rate of 21%.

Our effective tax rate for the three months ended January 31, 2018 was approximately 5%. For the six months ended January 31, 2018 we recorded a tax benefit of $25 million on pretax income of $156 million. Excluding discrete tax items primarily related to the $37 million tax benefit resulting from the 2017 Tax Act re-measurement of our net deferred tax liability balance and the share-based compensation tax benefits mentioned above, our effective tax rate for both periods was 27% and did not differ significantly from the federal statutory rate of 26.9%.

LIQUIDITY AND CAPITAL RESOURCES

Overview

At January 31, 2019 , our cash, cash equivalents and investments totaled $1.3 billion , a decrease of $383 million from July 31, 2018 due to the factors discussed under *"Statements of Cash Flows"* below. Our primary sources of liquidity have been cash from operations, which entails the collection of accounts receivable for products and services, and borrowings under our credit facility. Our primary uses of cash have been for research and development programs, selling and marketing activities, capital projects, acquisitions of businesses, debt service costs and debt repayment, repurchases of our common stock under our stock repurchase programs, and the payment of cash dividends. As discussed in *"Executive Overview – Industry Trends and Seasonality"* earlier in this Item 2, our business is subject to significant seasonality. The balance of our cash, cash equivalents, and investments generally fluctuates with that seasonal pattern. We believe the seasonality of our business is likely to continue in the future.

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

(Dollars in millions)	January 31, 2019	July 31, 2018	$ Change	% Change
Cash, cash equivalents, and investments	$ 1,333	$ 1,716	$ (383)	(22)%
Long-term investments	13	13	—	— %
Short-term debt	50	50	—	— %
Long-term debt	363	388	(25)	(6)%
Working capital	643	679	(36)	(5)%
Ratio of current assets to current liabilities	1.3 : 1	1.4 : 1		

We have historically generated significant cash from operations and we expect to continue to do so in the future. Our cash, cash equivalents, and investments totaled $1.3 billion at January 31, 2019 . None of those funds were restricted and approximately 83% of those funds were located in the U.S. Our unsecured revolving credit facility is available to us for general corporate purposes, including future acquisitions and stock repurchases. At January 31, 2019 , no amounts were outstanding under the revolving credit facility.

We evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. Our strong liquidity profile enables us to respond nimbly to these types of opportunities.

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, debt service requirements, and other liquidity requirements associated with our operations for at least the next 12 months. We expect to return excess cash generated by operations to our stockholders through repurchases of our common stock and payment of cash dividends, after taking into account our operating and strategic cash needs.

Statements of Cash Flows

The following table summarizes selected items from our consolidated statements of cash flows for the first six months of fiscal 2019 and fiscal 2018 . Effective August 1, 2018, we adopted the requirements of Accounting Standards Update (ASU) 2016-18, " *Statement of Cash Flows (Topic 230): Restricted Cash* ." The amounts below have been restated to comply with this new standard. See the financial statements in Part I, Item 1 of this Quarterly Report for complete consolidated statements of cash flows for those periods.

	Six Months Ended		
(Dollars in millions)	January 31, 2019	January 31, 2018	$ Change
Net cash provided by (used in):			
Operating activities	$ 198	$ 174	$ 24
Investing activities	(41)	(436)	395
Financing activities	(477)	258	(735)
Effect of exchange rates on cash, cash equivalents, restricted cash, and restricted cash equivalents	(2)	3	(5)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	$ (322)	$ (1)	$ (321)

Our primary sources and uses of cash were as follows:

Six Months Ended	
January 31, 2019	January 31, 2018
Sources of cash: • Operations • Issuance of common stock under employee stock plans *Uses of cash:* • Payment of accrued bonuses for fiscal 2018 • Repurchases of shares of our common stock • Payment of cash dividends and dividend rights • Capital expenditures • Net originations of term loans to small businesses • Repayment of debt	*Sources of cash:* • Operations • Borrowings under revolving credit facility • Issuance of common stock under employee stock plans *Uses of cash:* • Acquisitions of businesses • Payment of accrued bonuses for fiscal 2017 • Repurchases of shares of our common stock • Payment of cash dividends and dividend rights • Capital expenditures • Repayment of debt

Stock Repurchase Programs, Treasury Shares, and Dividends on Common Stock

As described in Note 7 to the financial statements in Part I, Item 1 of this Quarterly Report, during the first six months of fiscal 2019 we continued to repurchase shares of our common stock under repurchase programs that our Board of Directors has authorized. At January 31, 2019 , we had authorization from our Board of Directors to expend up to an additional $3.0 billion for stock repurchases. We currently expect to continue repurchasing our common stock on a quarterly basis; however, future stock repurchases under the current program are at the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

We have continued to pay quarterly cash dividends on shares of our outstanding common stock. During the six months ended January 31, 2019 we declared quarterly cash dividends that totaled $0.94 per share of outstanding common stock for a total of $250 million . In February 2019 our Board of Directors declared a quarterly cash dividend of $0.47 per share of outstanding common stock payable on April 18, 2019 to stockholders of record at the close of business on April 10, 2019 . We currently expect to continue paying comparable cash dividends on a quarterly basis; however, future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

Credit Facilities

On February 1, 2016 we entered into a master credit agreement with certain institutional lenders for a five-year credit facility in an aggregate principal amount of $1.5 billion. The master credit agreement includes a $500 million unsecured term loan and a $1 billion unsecured revolving credit facility that will expire on February 1, 2021. Under the master credit agreement we may, subject to certain customary conditions, on one or more occasions increase commitments under the revolving credit facility in an amount not to exceed $250 million in the aggregate and may extend the maturity date up to two times. Advances under the revolving credit facility accrue interest at rates that are equal to, at our election, either Bank of America's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London Interbank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5%. Actual margins under either election will be based on our senior debt credit ratings. At January 31, 2019 , no amounts were outstanding under the revolving credit facility. We monitor counterparty risk associated with the institutional lenders that are providing the credit facility. We currently believe that the credit facility will be available to us should we choose to borrow under it.

Under the master credit agreement, we borrowed $500 million in the form of an unsecured term loan on February 1, 2016. We may, subject to certain customary conditions, on one or more occasions increase commitments under the term loan in an amount not to exceed $500 million in the aggregate. The term loan accrues interest at rates that are equal to, at our election, either Bank of America's alternate base rate plus a margin that ranges from 0.125% to 0.875% or LIBOR plus a margin that ranges from 1.125% to 1.875%. Actual margins under either election will be based on our senior debt credit ratings. The term loan is subject to quarterly principal payments, which began in July 2017, of 2.5% of the original loan amount, with the balance payable on February 1, 2021. At January 31, 2019 , $413 million was outstanding under the term loan.

The master credit agreement includes customary affirmative and negative covenants, including financial 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 as of any date and a ratio of annual EBITDA to annual interest expense of not less than 3.00 to 1.00 as of the last day of each fiscal quarter. We remained in compliance with these covenants at all times during the quarter ended January 31, 2019 .

In February 2019, a subsidiary of Intuit entered into a $300 million secured revolving credit facility with a lender. The revolving credit facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. Advances under this revolving credit facility will be used to fund a portion of our loans to qualified small businesses. The revolving credit facility is available for a term of two years and accrues interest at LIBOR plus 2.39% . We are subject to a minimum of 20% being drawn against the revolving credit facility and any unused portions of the credit facility accrue interest at a rate of 0.50% . The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios.

Cash Held by Foreign Subsidiaries

Our cash, cash equivalents, and investments totaled $1.3 billion at January 31, 2019 . Approximately 17% of those funds were held by our foreign subsidiaries and subject to repatriation tax considerations. These foreign funds were located primarily in Canada and India. As a result of the 2017 Tax Act we do not expect to pay incremental U.S. taxes on repatriation. We have recorded income tax expense for Canada and India withholding and distribution taxes on earnings that are not permanently reinvested. In the event that funds from foreign operations are repatriated to the United States, we would pay withholding or distribution taxes at that time.

Off-Balance Sheet Arrangements

At January 31, 2019 , 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 at July 31, 2018 in our Annual Report on Form 10-K for the fiscal year then ended. There were no significant changes to our contractual obligations during the first six months of fiscal 2019 .

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, if any, and the potential impact of these pronouncements on our consolidated financial statements, see Note 1 to the financial statements in Part I, Item 1 of this Quarterly Report.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment Portfolio and Interest Rate Risk

We actively monitor market conditions and developments specific to the securities in which we invest. We believe that we take a conservative approach to investing our funds in that we invest only in highly-rated securities and diversify our portfolio of investments. While we believe we take prudent measures to mitigate investment-related risks, such risks cannot be fully eliminated because of market circumstances that are outside our control.

Our investments consist of instruments that meet quality standards that are 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. We do not hold derivative financial instruments or European sovereign debt in our portfolio of investments. See Note 2 and Note 3 to the financial statements in Part I, Item 1 of this Quarterly Report for a summary of the amortized cost and fair value of our investments by type of issue.

Our cash equivalents and investments are subject to market risk due to changes in interest rates. Interest rate movements affect the interest income we earn on cash equivalents and investments and the fair value of those investments. If the Federal Reserve Target Rate had increased by 25 basis points from the level of January 31, 2019 , the value of our investments at that date would have decreased by approximately $1 million. If the Federal Reserve Target Rate had increased by 100 basis points from the level of January 31, 2019 , the value of our investments at that date would have decreased by approximately $4 million.

We are also exposed to the impact of changes in interest rates as they affect our $1 billion unsecured revolving credit facility and $500 million unsecured term loan. Advances under the revolving credit facility accrue interest at rates that are equal to Bank of America's alternate base rate plus a margin that ranges from 0.0% to 0.5% or the London InterBank Offered Rate (LIBOR) plus a margin that ranges from 0.9% to 1.5%. The term loan accrues interest at rates that are equal to, at our election, either Bank of America's alternate base rate plus a margin that ranges from 0.125% to 0.875% or LIBOR plus a margin that ranges from 1.125% to 1.875%. Actual margins under all of these elections are based on our senior debt credit ratings. Consequently, our interest expense fluctuates with changes in the general level of these interest rates. At January 31, 2019 , no amounts were outstanding under the revolving credit facility and $413 million was outstanding under the term loan. See Note 4 and Note 5 to the financial statements in Part I, Item 1 of this Quarterly Report for more information.

Impact of Foreign Currency Rate Changes

The functional currencies of our international operating subsidiaries are generally the local currencies. We translate the assets and liabilities of our foreign subsidiaries at the exchange rates in effect on the balance sheet date. We translate their revenue, costs and expenses at the average rates of exchange in effect during the period. We include translation gains and losses in the stockholders' equity section of our consolidated balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income in our consolidated statements of operations.

Since we translate foreign currencies (primarily Canadian dollars, Indian rupees, and British pounds) into U.S. dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results. The historical impact of currency fluctuations on our financial results has generally been immaterial. We believe that our exposure to currency exchange fluctuation risk is not significant because our global subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. We believe the impact of currency fluctuations will continue to not be significant in the future due to the reasons cited above. However, the impact of currency fluctuations could be material in the future. As of January 31, 2019 , 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 Rules 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.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and that they are effective at the reasonable assurance level. However, no matter how well conceived and executed, a control system can provide only reasonable and not absolute assurance that the objectives of the control system are met. The design of any control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. There are also limitations that are inherent in any control system. These limitations include the realities that breakdowns can occur because of errors in judgment or mistakes, and that controls can be circumvented by individual persons, by collusion of two or more people, or by management override of the controls. Because of these inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Note 8 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

Our businesses routinely encounter and address risks, many of which could cause our future results to be materially different than we presently anticipate. Below, we describe certain important risks, categorized solely for ease of reference as strategic, operational, legal and compliance, and financial risks. The manner in which we respond to future developments as well as our competitors' reactions to those developments may affect our future operating results.

STRATEGIC RISKS

Strategic risks relate to our current and future operating model, business plans and growth strategy, including the risks associated with the following: competitive pressures on our product offerings and business models; our ability to adapt to technological changes and global trends; our reliance on third-party intellectual property and our ability to protect our own intellectual property rights; the value of our brand; and mergers, acquisitions and divestiture activity that may have unanticipated costs and expenses.

We face intense competitive pressures that may harm our operating results.

We face intense competition in all of our businesses, and we expect competition to remain intense in the future. Our competitors and potential competitors range from large and established entities to emerging start-ups. Our competitors may introduce superior products and services, reduce prices, have greater technical, marketing and other resources, have greater name recognition, have larger installed bases of customers, have well-established relationships with our current and potential customers, advertise aggressively or beat us to market with new products and services. In addition, we may face competition from existing companies, with large established consumer user-bases and broad-based platforms, who may change or expand the focus of their business strategies and marketing to target our customers, including small businesses and tax customers.

We also face competition from companies with a variety of business models and monetization strategies, including increased competition from providers of free offerings, particularly in our tax, accounting, and payments businesses. In order to compete, we have also introduced free offerings in several categories, but we may not be able to attract customers as effectively as competitors with different business models. In addition, we may not be able to monetize our free offerings if other providers of free offerings provide features that we do not offer and customers who have formerly paid for Intuit's products and services may elect to use our competitors' free offerings instead. These competitive factors may diminish our revenue and profitability, and harm our ability to acquire and retain customers.

Our consumer tax business also faces significant competition from the public sector, where we face the risk of federal and state taxing authorities proposing revenue raising strategies that involve developing and providing government tax software or other government return preparation systems at public expense. These or similar programs may be introduced or expanded in the future, which may change the voluntary compliance tax system in ways that could cause us to lose customers and revenue. The IRS Free File Program is currently the sole means by which the IRS offers tax software to taxpayers, and as part of the program the IRS has agreed it will not offer a duplicative or competing service. Under this program, the IRS has worked with private industry to provide more than 53 million free returns since 2003, utilizing donated private sector tax software and e-filing services for low and middle income taxpayers at no cost to the government or individual users. However, its continuation depends on a number of factors, including increasing public awareness of and access to the free program, as well as continued government support. The current agreement is scheduled to expire in October 2021. If the Free File Program were to be terminated and the IRS were to enter the software development and return preparation space, the federal government would become a publicly funded direct competitor of the U.S. tax services industry and of Intuit. Government funded services that curtail or eliminate the role of taxpayers in preparing their own taxes could potentially have material and adverse revenue implications.

Future revenue growth depends upon our ability to adapt to technological change as well as global trends in the way customers access software offerings and successfully introduce new and enhanced products, services and business models.

Online offerings, desktop software and mobile technology industries are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. We must continue to innovate and develop new products and features to meet changing customer needs and attract and retain talented software developers. We need to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, which require us to devote significant resources.

Our consumer and professional tax businesses depend significantly on revenue from customers who return each year to use our updated tax preparation and filing software and services. As our existing products mature, encouraging customers to purchase product upgrades becomes more challenging unless new product releases provide features and functionality that have meaningful incremental value. We also provide additional customer benefits by utilizing customer data available to us through our existing offerings. If we are not able to develop and clearly demonstrate the value of new or upgraded products or services to our customers, or effectively utilize our customers' data, our revenues may be harmed. In addition, as we continue to introduce and expand our new business models, including offerings that are free to end users, we may be unsuccessful in monetizing or increasing customer adoption of these offerings or our risk profile may change, resulting in loss of revenue.

The number of people who access products and services through devices other than personal computers, including mobile phones, smartphones, and handheld computers such as tablets, continues to increase. We have devoted significant resources to develop products and services for users of these alternative devices, but the versions of our products and services developed for these devices may not be compelling to users. Even if we are able to attract new users through these mobile offerings, the amount of revenue that we derive per user from mobile offerings may be less than the revenue that we have historically derived from users of personal computers. As new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these alternative devices and we may need to devote significant resources to the creation, support, and maintenance of such offerings. If we are slow to develop products and technologies that are compatible with these alternative devices, or if our competitors are able to achieve those results more quickly than us, we will fail to capture a significant share of an increasingly important portion of the market for online services, which could adversely affect our business. Further, legislation or regulatory changes may mandate changes in our products that make them less attractive to users.

In some cases, we may expend a significant amount of resources and management attention on offerings that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. We have also invested, and in the future, expect to invest in new business models, geographies, strategies and initiatives. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the initiatives and inadequate return on investments. Because these new initiatives are inherently risky, they may not be successful and may harm our financial condition and operating results.

We rely on third-party intellectual property in our products and services.

Many of our products and services include intellectual property of third parties, which we license under agreements that may need to be renewed or renegotiated from time to time. We may not be able to obtain licenses to these third-party technologies or content on reasonable terms, or at all. If we are unable to obtain the rights necessary to use this intellectual property in our products and services, we may not be able to sell the affected offerings, and customers who are currently using the affected product may be disrupted, which may in turn harm our future financial results, damage our brand, and result in customer loss. Also, we and our customers have been and may continue to be subject to infringement claims as a result of the third-party intellectual property incorporated in our offerings. Although we try to mitigate this risk and we may not be ultimately liable for any potential infringement, pending claims require us to use significant resources, require management attention and could result in loss of customers.

Some of our offerings include third-party software that is licensed under so-called "open source" licenses, some of which may include a requirement that, under certain circumstances, we make available, or grant licenses to, any modifications or derivative works we create based upon the open source software. Although we have established internal review and approval processes to mitigate these risks, we may not be sure that all open source software is submitted for approval prior to use in our products. Many of the risks associated with usage of open source may not be eliminated, and may, if not properly addressed, harm our business.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our patents, trademarks, trade secrets, copyrights, domain names and other intellectual property rights are important assets for us. We aggressively protect our intellectual property rights by relying on federal, state and common law rights in the U.S. and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. The efforts that we take to protect our proprietary rights may not always be sufficient or effective. Protecting our intellectual property rights is costly and time consuming and may not be successful in every location. Any significant impairment of our intellectual property rights could harm our business, our brand and our ability to compete.

Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. Current U.S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. We frequently encounter unauthorized copies of our software being sold through online marketplaces. Although we continue to evaluate and put in place technology solutions to attempt to lessen the impact of piracy and engage in efforts to educate consumers and public policy leaders on these issues and cooperate with industry groups in their efforts to combat piracy, we expect piracy to be a persistent problem that results in lost revenues and increased expenses.

Our business depends on our strong reputation and the value of our brands.

Developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers. Adverse publicity (whether or not justified) relating to events or activities attributed to us, our employees, agents, third parties we rely on, or our users, may tarnish our reputation and reduce the value of our brands. Our brand value also depends on our ability to provide secure and trustworthy products and services as well as our ability to protect and use our customers' data in a manner that meets their expectations. In addition, a security incident which results in unauthorized disclosure of our customers' sensitive data could cause material reputational harm. Damage to our reputation and loss of brand equity may reduce demand for our products and services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands and could also reduce our stock price.

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.

We have acquired and may continue to acquire companies, products, technologies and talent that complement our strategic direction, both in and outside the United States. Acquisitions involve significant risks and uncertainties, including:

- inability to successfully integrate the acquired technology, data assets and operations into our business and maintain uniform standards, controls, policies, and procedures;
- inability to realize synergies expected to result from an acquisition;
- disruption of our ongoing business and distraction of management;
- challenges retaining the key employees, customers, resellers and other business partners of the acquired operation;
- the internal control environment of an acquired entity may not be consistent with our standards or with regulatory requirements, and may require significant time and resources to align or rectify;
- unidentified issues not discovered in our due diligence process, including product or service quality issues, intellectual property issues and legal contingencies;
- failure to successfully further develop an acquired business or technology and any resulting impairment of amounts currently capitalized as intangible assets;
- risks associated with businesses we acquire or invest in, which may differ from or be more significant than the risks our other businesses face; and
- in the case of foreign acquisitions and investments, the impact of particular economic, tax, currency, political, legal and regulatory risks associated with specific countries.

We have divested and may in the future divest certain assets or businesses that no longer fit with our strategic direction or growth targets. Divestitures involve significant risks and uncertainties, including:

- inability to find potential buyers on favorable terms;
- failure to effectively transfer liabilities, contracts, facilities and employees to buyers;
- requirements that we retain or indemnify buyers against certain liabilities and obligations;
- the possibility that we will become subject to third-party claims arising out of such divestiture;
- challenges in identifying and separating the intellectual property and data to be divested from the intellectual property and data that we wish to retain;
- inability to reduce fixed costs previously associated with the divested assets or business;
- challenges in collecting the proceeds from any divestiture;
- disruption of our ongoing business and distraction of management;
- loss of key employees who leave the Company as a result of a divestiture; and

- if customers or partners of the divested business do not receive the same level of service from the new owners, our other businesses may be adversely affected, to the extent that these customers or partners also purchase other products offered by us or otherwise conduct business with our retained business.

Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm our operating results or financial condition. Although we typically fund our acquisitions through cash available from operations, if we were to use debt to fund acquisitions or for other purposes, our interest expense and leverage would increase significantly, and if we were to issue equity securities as consideration in an acquisition, current shareholders' percentage ownership and earnings per share would be diluted.

OPERATIONAL RISKS

Operational risks arise from internal and external events relating to systems, processes and people. Risks that affect the operation of our businesses include the following: potential security incidents; privacy and cybersecurity concerns relating to online offerings; fraudulent activities by third parties; relationships with third parties; competition for and retention of key talent; issues with our product launches; problems with our information technology infrastructure; and risks associated with operating internationally.

Security incidents, improper access to, or disclosure of our data or customers' data, or other cyberattacks on our systems, could harm our reputation and adversely affect our business.

We host, collect, use and retain large amounts of sensitive and personal customer and employee data, including credit card information, tax return information, bank account numbers, login credentials and passwords, personal and business financial data and transactions data, social security numbers and payroll information, as well as our confidential, nonpublic business information. We use commercially available security technologies and security and business controls to limit access to and use of such sensitive data. Although we expend significant resources to create security protections designed to shield this data against potential theft and security breaches, such measures cannot provide absolute security.

Our technologies, systems, and networks have been subject to, and are likely to continue to be the target of, cyberattacks, computer viruses, worms, phishing attacks, malicious software programs, and other cybersecurity incidents that could result in the unauthorized release, gathering, monitoring, use, loss or destruction of our customers' or employees' sensitive and personal data, or Intuit's sensitive business data or cause temporary or sustained unavailability of our software and systems. These types of attacks can be made by individuals, groups of hackers, and sophisticated organizations including state-sponsored organizations or nation-states themselves. Customers who fail to update their systems, continue to run software that we no longer support or that fail to install security patches on a timely basis create vulnerabilities and make it more difficult for us to detect and prevent these kinds of attacks. We are increasingly incorporating open source software into our products. There may be vulnerabilities in open source software that make it susceptible to cyberattacks. In addition, because the techniques used to obtain unauthorized access to sensitive information change frequently, and are becoming more sophisticated and are often not able to be detected until after a successful attack, we may be unable to anticipate these techniques or implement adequate preventive measures. Although this is an industry-wide problem that affects software and hardware across platforms, it may increasingly affect our offerings because cyber-criminals tend to focus their efforts on well-known offerings that are popular among customers and hold sensitive information and we expect them to continue to do so.

Further, the security measures that we implement may not be able to prevent unauthorized access to our products and our customers' account data. Third parties may fraudulently induce employees, customers, or users by means such as email phishing, to disclose sensitive information in order to gain access to our systems. It is also possible that unauthorized access to or disclosure of customer data may occur due to inadequate use of security controls by our customers or our employees. Accounts created with weak or recycled passwords could allow cyberattackers to gain access to customer data. Unauthorized persons could gain access to customer accounts if customers do not maintain effective access controls of their systems and software.

Criminals may also use stolen identity information obtained outside of our systems, to gain unauthorized access to our customers' data. We have experienced such instances in the past and as the accessibility of stolen identity information increases, generally, we may experience further instances of unauthorized access to our systems using our customers' or employees' stolen identity information in the future. Further, our customers may choose to use the same user ID and password across multiple products and services unrelated to our products. Such customers' login credentials may be stolen from products offered by third party service providers unrelated to us and the stolen identity information may be used by a malicious third party to access our products, which could result in disclosure of confidential information.

Our efforts to protect data may also be unsuccessful due to software bugs (whether open source or proprietary code), break-ins, employee error or other threats that evolve.

Further, because we have created an ecosystem where customers can have one identity across multiple Intuit products, a security incident may give access to increased amounts of customer data. This may result in disclosure of confidential information, loss of customer confidence in our products, possible litigation, material harm to our reputation and financial condition, disruption of our or our customers' business operations and decline in our stock price. From time to time, we detect, or receive notices from customers or public or private agencies that they have detected, actual or perceived vulnerabilities in our servers, our software or third-party software components that are distributed with our products or fraudulent activity by unauthorized persons utilizing our products with stolen customer identity information. The existence of such vulnerabilities or fraudulent activity, even if they do not result in a security breach, may undermine customer confidence as well as the confidence of government agencies that regulate our offerings. Such perceived vulnerabilities could also seriously harm our business by tarnishing our reputation and brand and/or limiting the adoption of our products and services and could cause our stock price to decline.

A cybersecurity incident affecting the third parties we rely on, could expose us or our customers to a risk of loss or misuse of confidential information and significantly damage our reputation.

We depend on a number of third parties, including vendors, developers and partners who are critical to our business. We or our customers may grant access to customer data to these third parties to help deliver customer benefits, or to host certain of our and our customers' sensitive and personal data. In addition, we share sensitive, nonpublic business information (including, for example, materials relating to financial, business and legal strategies) with other vendors in the ordinary course of business.

While we conduct background checks of our workforce, conduct reviews of partners, developers and vendors and use commercially available technologies to limit access to systems and data, it is possible that one or more of these individuals or third parties may misrepresent their intended use of data or may circumvent our controls, resulting in accidental or intentional disclosure or misuse of our customers' or employees' data. Further, while we conduct due diligence on these third parties with respect to their security and business controls, we may not have the ability to effectively monitor or oversee the implementation of these control measures. Individuals or third parties may be able to circumvent these security and business controls and/or exploit vulnerabilities that may exist in these controls, resulting in the disclosure or misuse of sensitive business and personal customer or employee information and data.

A security incident involving third parties whom we rely on may have serious negative consequences for our businesses, including disclosure of sensitive customer or employee data, or confidential or competitively sensitive information regarding our business, including intellectual property and other proprietary data; make our products more vulnerable to fraudulent activity; cause temporary or sustained unavailability of our software and systems; result in possible litigation, fines, penalties and damages; result in loss of customer confidence; cause material harm to our reputation and brands; lead to further regulation and oversight by federal or state agencies; cause adverse financial condition; and result in a reduced stock price.

Concerns about the current privacy and cybersecurity environment, generally, could deter current and potential customers from adopting our products and services and damage our reputation.

The continued occurrence of cyberattacks and data breaches on governments, businesses and consumers in general, indicates that we operate in an external environment where cyberattacks and data breaches are becoming increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third-party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which customers often share sensitive financial data. In addition, the increased availability of data obtained as a result of breaches of third-party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, they could damage our reputation and deter current and potential customers from adopting our products and services or lead customers to cease using online and connected software products to transact financial business altogether.

If we are unable to effectively combat the increasing amount and sophistication of fraudulent activities by third parties using our offerings, we may suffer losses, which may be substantial, and lose the confidence of our customers and government agencies and our revenues and earnings may be harmed.

The online tax preparation, payroll administration and online payments industries have been experiencing an increasing amount of fraudulent activities by third parties, and those fraudulent activities are becoming increasingly sophisticated. Although we do not believe that any of this activity is uniquely targeted at our products or business, this type of fraudulent activity may adversely impact our tax, payroll, and payments businesses. In addition to any losses that may result from such fraud, which may be substantial, a loss of confidence by our customers or by governmental agencies in our ability to prevent fraudulent activity that is perpetrated through our offerings may seriously harm our business and damage our brand. If we cannot adequately combat such fraudulent activity that is perpetrated through our tax offerings, governmental authorities may refuse to allow us to continue to offer such services, which could include federal or state tax authorities refusing to allow us to process our customers' tax returns electronically, resulting in a significant adverse impact on our earnings and revenue. As fraudulent activities become more pervasive and increasingly sophisticated, and fraud detection and prevention measures must become correspondingly more complex to combat them across the various industries in which we operate, we may implement risk control mechanisms that could make it more difficult for legitimate customers to obtain and use our products, which could result in lost revenue and negatively impact our earnings.

If we fail to process transactions effectively or fail to adequately protect against disputed or potential fraudulent activities, our business may be harmed.

Our operations process a significant volume and dollar value of transactions on a daily basis, especially in our payroll and payments businesses. Despite our efforts to ensure that effective processing systems and controls are in place to handle transactions appropriately, it is possible that we may make errors or that funds may be misappropriated due to fraud. The systems supporting our business are comprised of multiple technology platforms that are sometimes difficult to scale. If we are unable to effectively manage our systems and processes, or if there is an error in our products, we may be unable to process customer data in an accurate, reliable and timely manner, which may harm our reputation, the willingness of customers to use our products, and our financial results. In our payments processing service business, if merchants for whom we process payment transactions are unable to pay refunds due to their customers in connection with disputed or fraudulent merchant transactions, we may be required to pay those amounts and our payments may exceed the amount of the customer reserves we have established to make such payments.

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.

Our reputation and ability to attract, retain and serve our customers is dependent upon the reliable performance of our products and our underlying technical infrastructure. As we continue to grow our online services, we become more dependent on the continuing operation and availability of our information technology and communications systems and those of our external service providers, including, for example, third-party Internet-based or cloud computing services. We do not have redundancy for all of our systems, and our disaster recovery planning may not account for all eventualities. We have designed a significant portion of our software and computer systems to utilize data processing and storage capabilities provided by Amazon Web Services (AWS). If AWS is unavailable to us for any reason, our customers may not be able to access certain of our cloud products or features, which could significantly impact our operations, business, and financial results.

Failure of our systems or those of our third-party service providers, may result in interruptions in our service and loss of data or processing capabilities, all of which may cause a loss in customers, refunds of product fees, material harm to our reputation and operating results.

Our tax businesses must effectively handle extremely heavy customer demand during critical peak periods from January until April of each year. We face significant risks in maintaining adequate service levels during these peak periods when we derive a substantial portion of our overall revenue from the tax businesses. Any interruptions in our online tax preparation or electronic filing service at any time during the tax season, particularly during a peak period, could result in significantly decreased revenue, lost customers, unexpected refunds of customer charges, negative publicity and increased operating costs, any of which could significantly harm our business, financial condition and results of operations.

We rely on internal systems and external systems maintained by manufacturers, distributors and other service providers to take and fulfill customer orders, handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems may prevent us or our service providers from accepting and fulfilling customer orders or cause company and customer data to be unintentionally disclosed. Our continuing efforts to upgrade and expand our network security and other information systems as well as our high-availability capabilities may be costly, and problems with the design or implementation of system enhancements may harm our business and our results of operations.

Our business operations, data centers, information technology and communications systems are vulnerable to damage or interruption from natural disasters, human error, malicious attacks, fire, power loss, telecommunications failures, computer viruses, computer denial of service attacks, terrorist attacks and other events beyond our control. In addition, our corporate headquarters and other critical business operations are located near major seismic faults. In the event of a major natural or man-made disaster, our insurance coverage may not completely compensate us for our losses and our future financial results may be materially harmed.

We regularly invest resources to update and improve our internal information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing internal technology systems and software platforms disrupt our operations, our business could be harmed.

We rely on our network and data center infrastructure and internal technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing needs, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages and may not be able to deliver certain offerings and develop new offerings and enhancements that we need to remain competitive. Such improvements and upgrades are often complex, costly and time consuming. In addition, such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation.

If we are unable to develop, manage and maintain critical third-party business relationships, our business may be adversely affected.

Our growth is increasingly dependent on the strength of our business relationships and our ability to continue to develop, manage and maintain new and existing relationships with third party partners. We rely on various third-party partners, including software and service providers, suppliers, vendors, manufacturers, distributors, accountants, contractors, financial institutions, core processors, licensing partners and development partners, among others, in many areas of our business in order to deliver our offerings and operate our business. We also rely on third parties to support the operation of our business by maintaining our physical facilities, equipment, power systems and infrastructure. In certain instances, these third-party relationships are sole source or limited source relationships and can be difficult to replace or substitute depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third-party providers or vendors in the market. Further, there can be no assurance that we will be able to adequately retain third-party contractors engaged to help us operate our business. The failure of third parties to provide acceptable and high quality products, services and technologies or to update their products, services and technologies may result in a disruption to our business operations and our customers, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or at all, or we may experience business interruptions upon a transition to an alternative partner.

Although we have strict standards for our suppliers and business partners to comply with the law and company policies regarding workplace and employment practices, data use and security, environmental compliance, intellectual property licensing and other applicable regulatory and compliance requirements, we cannot control their day-to-day practices. If any of them violate laws or implement practices regarded as unethical, we could experience supply chain disruptions, canceled orders, terminations of or damage to key relationships, and damage to our reputation.

In particular, we have relationships with banks, credit unions and other financial institutions that support certain critical services we offer to our customers. If macroeconomic conditions or other factors cause any of these institutions to fail, consolidate, stop providing certain services or institute cost-cutting efforts, our business and financial results may suffer and we may be unable to offer those services to our customers.

We increasingly utilize the distribution platforms of third parties like Apple's App Store and Google's Play Store for the distribution of certain of our product offerings. Although we benefit from the strong brand recognition and large user base of these distribution platforms to attract new customers, the platform owners have wide discretion to change the pricing structure, terms of service and other policies with respect to us and other developers. Any adverse changes by these third parties could adversely affect our financial results.

Because competition for our key employees is intense, we may not be able to attract, retain and develop the highly skilled employees we need to support our planned growth.

Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive team, and those in technical and other key positions. Experienced personnel in the software, mobile technologies, data science, data security, and software as a service industries are in high demand and competition for their talents is intense, especially in California and India, where the majority of our employees are located. Also, as we strive to continue to adapt to technological change and introduce new and enhanced products and business models, we must be able to secure, maintain and develop the right quality and quantity of engaged and committed talent. The incentives we have available to attract, retain, and motivate employees provided by our equity awards may become less effective, and if we were to issue significant equity to attract additional employees, the ownership of our existing stockholders would be diluted. Although we strive to be an employer of choice, we may not be able to continue to successfully attract, retain and develop key personnel, which may cause our business to suffer.

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

All of our tax products and many of our non-tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Our tax preparation software product development cycle is particularly challenging due to the need to incorporate unpredictable and potentially late tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products to prepare and file their taxes by the tax filing deadline. Due to the complexity of our products and the condensed development cycles under which we operate, our products may contain errors that could unexpectedly interfere with the operation of the software or result in incorrect calculations. The complexity of the tax laws on which our products are based may also make it difficult for us to consistently deliver offerings that contain the features, functionality and level of accuracy that our customers expect. When we encounter problems we may be required to modify our code, work with state tax administrators to communicate with affected customers, assist customers with amendments, distribute patches to customers who have already purchased the product and recall or repackage existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products either late in our development cycle or after release it may cause us to delay our product launch date or suspend product availability until such issues can be fixed. Any major defects, launch delays or product suspensions may lead to loss of customers and revenue, negative publicity, customer and employee dissatisfaction, reduced retailer shelf space and promotions, and increased operating expenses, such as inventory replacement costs, legal fees or other payments, including those resulting from our accuracy guarantee in our tax preparation products. For example, an error in our tax products could cause a compliance error for taxpayers, including the over or underpayment of their federal or state tax liability. While our accuracy guarantee commits us to reimburse penalties and interest paid by customers due solely to calculation errors in our tax preparation products, such errors may result in additional burdens on third parties that we may need to address or that may cause us to suspend the availability of our products until such errors are addressed. This could also affect our reputation, the willingness of customers to use our products, and our financial results.

Our international operations are subject to increased risks which may harm our business, operating results, and financial condition.

In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including:

- different or more restrictive privacy, data protection, data localization, and other laws that could require us to make changes to our products, services and operations, such as mandating that certain types of data collected in a particular country be stored and/or processed within that country;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- credit risk and higher levels of payment fraud;
- profit repatriation restrictions, and foreign currency exchange restrictions;
- geopolitical events, including natural disasters, acts of war and terrorism;
- import or export regulations;
- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to government officials;
- antitrust and competition regulations;
- potentially adverse tax developments;
- economic uncertainties relating to European sovereign and other debt;
- trade barriers and changes in trade regulations;
- political or social unrest, economic instability, repression, or human rights issues; and
- risks related to other government regulation or required compliance with local laws.

Violations of the rapidly evolving and complex foreign and U.S. laws and regulations that apply to our international operations may result in fines, criminal actions or sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and may result in harm to our business, operating results, and financial condition.

LEGAL AND COMPLIANCE RISKS

Legal and compliance risks arise from change in the government and regulatory environment, including complex and evolving regulations relating privacy and data security; potential litigation; regulatory inquiries and intellectual property infringement claims.

Increased government regulation of our businesses, or changes to existing regulations, may harm our operating results.

The Company is subject to federal, state and local laws and regulations that affect the Company's activities, including, without limitation, areas of labor, advertising, tax, financial services, data privacy and security, digital content, consumer protection, real estate, billing, e-commerce, promotions, quality of services, intellectual property ownership and infringement, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, anti-competition, environmental, health and safety. There have been significant new regulations and heightened focus by the government on many of these areas, as well as in areas such as insurance and privacy. A s we expand our products and services and revise our business models, both domestically and internationally, we may become subject to additional government regulation or increased regulatory scrutiny. Further, regulators (both in the U.S. and in other jurisdictions in which we operate) may adopt new laws or regulations, change existing regulations, or their interpretation of existing laws or regulations may differ from ours.

The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations, changes in the cybersecurity environment, litigation by the government or private entities, changes to or new interpretations of existing laws may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our tax businesses or offer our tax products and services. We may not be able to respond quickly to such regulatory, legislative and other developments, and these changes may in turn increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, we may become subject to lawsuits, penalties, and other liabilities that did not previously apply. We are also required to comply with a variety of state revenue agency standards in order to successfully operate our tax preparation and electronic filing services.

Changes in state-imposed requirements by one or more of the states, including the required use of specific technologies or technology standards, may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner.

We are also subject to certain laws and regulations in the U.S. and other jurisdictions relating to electronic funds transfer, money transmission, lending and other regulated activities. In the event laws governing regulated activities change or expand, we may be subject to additional compliance costs.

Complex and evolving U.S. and international laws and regulation regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business.

Regulations related to the provision of online services is evolving as federal, state and foreign governments continue to adopt new, or modify existing laws and regulations addressing data privacy and the collection, processing, storage, transfer and use of data. This includes, for example, the EU's new regulation, the General Data Protection Regulation (GDPR) and the new California Consumer Protection Act (CCPA), which will become effective on January 1, 2020. In our efforts to meet the GDPR, CCPA and other data privacy regulations, we have made and continue to make certain operational changes to our products and business practices. If we are unable to engineer products that meet these evolving requirements or help our customers meet their obligations under these or other new data regulations, we might experience reduced demand for our offerings. Further, penalties for non-compliance with these laws may be significant.

In addition, there are global privacy treaties and frameworks that have created compliance uncertainty and increased complexity. For example, the European Commission and the Swiss Government approved the EU-U.S. and Swiss-U.S. Privacy Shield frameworks, respectively, that provide a mechanism for companies to legally transfer personal data from the EU and Switzerland to the U.S. However, these frameworks as well as other personal data transfer mechanisms face a number of legal challenges, both by regulators and private parties. A change in these transfer mechanisms could cause us to incur costs or require us to change our business practices in a manner adverse to our business.

Other governmental authorities throughout the U.S. and around the world are considering similar types of legislative and regulatory proposals concerning data protection. Each of these privacy, security and data protection laws and regulations could impose significant limitations, require changes to our business, require notification to customers or workers of a security breach, restrict our use or storage of personal information, or cause changes in customer purchasing behavior which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make customers less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations could result in negative publicity and subject us to investigations, claims or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

We are frequently a party to litigation and regulatory inquiries which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows.

We are subject to various legal proceedings (including class action lawsuits), claims and regulatory inquiries that have arisen out of the ordinary conduct of our business and are not yet resolved and additional claims and inquiries may arise in the future. The number and significance of these claims and inquiries may increase as our businesses evolve. Any proceedings, claims or inquiries initiated by or against us, whether successful or not, may be time consuming; result in costly litigation, damage awards, consent decrees, injunctive relief or increased costs of business; require us to change our business practices or products; require significant amounts of management time; result in diversion of significant operations resources; or otherwise harm our business and future financial results. For further information about specific litigation, see Item 1, “Legal Proceedings”.

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

We may become increasingly subject to infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the intellectual property rights of others. We have received a number of allegations of intellectual property infringement claims in the past and expect to receive more claims in the future based on allegations that our offerings infringe upon the intellectual property held by third parties. Some of these claims are the subject of pending litigation against us and against some of our customers. These claims may involve patent holding companies or other adverse intellectual property owners who have no relevant product revenues of their own, and against whom our own intellectual property may provide little or no deterrence. The ultimate outcome of any allegation is uncertain and, regardless of outcome, any such claim, with or without merit, may be time consuming to defend, result in costly litigation, divert management's time and attention from our business, require us to stop selling, delay shipping or redesign our products, or require us to pay monetary damages for royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims may harm our business.

We are subject to risks associated with information disseminated through our services.

The laws relating to the liability of online services companies for information such as online content disseminated through their services are subject to frequent challenges. In spite of settled law in the U.S., claims are made against online services companies by parties who disagree with the content. Where our online content is accessed on the internet outside of the U.S., challenges may be brought under foreign laws which do not provide the same protections for online services companies as in the U.S. These challenges in either U.S. or foreign jurisdictions may give rise to legal claims alleging defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services. Certain of our services include content generated by users of our online services. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. Any costs incurred as a result of this potential liability may harm our business.

FINANCIAL RISKS

Financial risks relate to our ability to meet financial obligations and mitigate exposure to financial impacts to our businesses or our offerings. Financial risks arise from the following: seasonality; excessive product returns; unanticipated changes in income tax rates; adverse global macro-economic conditions; credit risks; fluctuations in our net income; indebtedness; and the fluctuation of our stock price.

Our tax business is highly seasonal and our quarterly results could fluctuate significantly.

Our tax offerings have significant seasonal patterns. Revenue from income tax preparation products and services is heavily concentrated during November through April. This seasonality has caused significant fluctuations in our quarterly financial results. Our financial results may also fluctuate from quarter to quarter and year to year due to a variety of factors, including factors that may affect the timing of revenue recognition. These include changes to our offerings that result in the inclusion or exclusion of ongoing services; changes in product pricing strategies or product sales mix; the timing of the availability of federal and state tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions; changes in customer behavior; and the timing of our discontinuation of support for older product offerings. Other factors that may affect our quarterly or annual financial results include the timing of acquisitions, divestitures, and goodwill and acquired intangible asset impairment charges. Any fluctuations in our operating results may adversely affect our stock price.

If actual customer refunds for our offerings exceed the amount we have reserved our future financial results may be harmed.

Like many software companies we refund customers for product returns and subscription cancellations. We establish reserves against revenue in our financial statements based on estimated customer refunds. We closely monitor this refund activity in an effort to maintain adequate reserves. In the past, customer refunds have not differed significantly from these reserves. However, if we experience actual customer refunds that significantly exceed the amount we have reserved, it may result in lower net revenue.

Unanticipated changes in our income tax rates or other indirect tax may affect our future financial results.

Our future effective income tax rates may be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, by changes in our stock price, or by changes in tax laws or their interpretation, including the recently passed the 2017 Tax Act which introduced significant changes to U.S. income tax law. Foreign governments may enact tax laws in response to the 2017 Tax Act that could result in further changes to global taxation and materially affect our financial position and results of operations. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These continuous examinations may result in unforeseen tax-related liabilities, which may harm our future financial results.

An increasing number of states and foreign jurisdictions have adopted laws or administrative practices, that impose new taxes on all or a portion of gross revenue or other similar amounts or impose additional obligations to collect transaction taxes such as sales, consumption, value added, or similar taxes. We may not have sufficient lead time to build systems and processes to collect these taxes properly, or at all. Failure to comply with such laws or administrative practices, or a successful assertion by such states or foreign jurisdictions requiring us to collect taxes where we do not, could result in tax liabilities, including for past sales, as well as penalties and interest.

Adverse global economic conditions could harm our business and financial condition.

Adverse macroeconomic developments could negatively affect our business and financial condition. Adverse global economic events have caused, and could, in the future, cause disruptions and volatility in global financial markets and increased rates of default and bankruptcy, and could impact consumer and small business spending. While we have historically performed well in economic downturns, there is no guarantee that we would continue to perform well in future adverse macroeconomic conditions. In particular, because the majority of our revenue is derived from sales within the U.S., economic conditions in the U.S. have an even greater impact on us than companies with a more diverse international presence. Challenging economic times could cause potential new customers not to purchase or to delay purchasing our products and services, and could cause our existing customers to discontinue purchasing or delay upgrades of our existing products and services, thereby negatively impacting our revenues and future financial results. Decreased consumer spending levels could also reduce credit and debit card transaction processing volumes causing reductions in our payments revenue. Poor economic conditions and high unemployment have caused, and could in the future cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which could increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Any of these events could harm our business and our future financial results.

We provide capital to small businesses, which exposes us to certain risk, and may cause us material financial or reputational harm.

We provide capital to qualified small businesses, which exposes us to the risk of our borrowers' inability to repay such loans. We have also entered into credit arrangements with financial institutions to obtain the capital we provide under this product offering. Any termination or interruption in the financial institutions' ability to lend to us could interrupt our ability to offer our capital product. Further, our credit decisioning, pricing, loss forecasting and scoring models used to evaluate loan applications may contain errors or may not adequately assess creditworthiness of our borrowers, or may be otherwise ineffective, resulting in incorrect approvals or denials of loans. It is also possible that loan applicants could provide false or incorrect information. While we have not incurred any material losses to date, if any of the foregoing events were to occur, our reputation and relationships with borrowers, and our financial results, could be harmed.

Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income.

Our acquisitions have resulted in significant expenses, including amortization and impairment of acquired technology and other acquired intangible assets, and impairment of goodwill. Total costs and expenses in these categories were $21 million in fiscal 2018; $14 million in fiscal 2017; and $34 million in fiscal 2016. Although under current accounting rules goodwill is not amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our consolidated statements of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. At January 31, 2019 , we had $1.6 billion in goodwill and $49 million in net acquired intangible assets on our consolidated balance sheet, both of which may be subject to impairment charges in the future. New acquisitions, and any impairment of the value of acquired intangible assets, may have a significant negative impact on our future financial results.

We have $413 million in debt outstanding under the term loan and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

On February 1, 2016, we entered into a master credit agreement with certain institutional lenders for a new five-year credit facility in an aggregate principal amount of $1.5 billion. The master credit agreement includes a $500 million unsecured term loan and a $1 billion unsecured revolving credit facility that will expire on February 1, 2021. As of January 31, 2019 , $413 million was outstanding on the term loan and no amounts were outstanding under the revolving credit facility. We may use the proceeds of any advances against the credit facility for general corporate purposes, including future acquisitions and share repurchases.

This debt may adversely affect our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our current unsecured revolving credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, our short- and long-term debt includes covenants that may adversely affect our ability to incur certain liens or engage in certain types of sale and leaseback transactions. If we breach any of the covenants under our short- and long-term debt or our unsecured revolving credit facility and do not obtain a waiver from the lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable.

In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. If our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our unsecured revolving credit facility may increase. In addition, any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may affect the terms of any such financing.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value.

We have a stock repurchase program under which we are authorized to repurchase our common stock. The repurchase programs do not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Our repurchase programs may be suspended or terminated at any time and, even if fully implemented, may not enhance long-term stockholder value. Also, the amount, timing, and execution of our stock repurchase programs may fluctuate based on our priorities for the use of cash for other purposes and because of changes in cash flows, tax laws, and the market price of our common stock.

Our stock price may be volatile and your investment could lose value.

Our stock price is subject to changes in recommendations or earnings estimates by financial analysts, changes in investors’ or analysts’ valuation measures for our stock, our credit ratings and market trends unrelated to our performance. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business or security of our products, can cause changes in our stock price. These factors, as well as general economic and political conditions and the timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes may adversely affect our stock price. Further, any changes in the amounts or frequency of share repurchases or dividends may also adversely affect our stock price. A significant drop in our stock price could expose us to the risk of securities class actions lawsuits, which may result in substantial costs and divert management’s attention and resources, which may adversely affect our business.

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 January 31, 2019 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
November 1, 2018 through November 30, 2018	266,800	$ 205.78	266,800	$ 3,093,241,327
December 1, 2018 through December 31, 2018	331,200	$ 196.94	331,200	$ 3,028,013,863
January 1, 2019 through January 31, 2019	277,200	$ 203.79	277,200	$ 2,971,522,678
Total	875,200	$ 201.81	875,200	

Note : All of the shares purchased during the three months ended January 31, 2019 were purchased under a plan we announced on August 19, 2016 under which we are authorized to repurchase up to $2 billion of our common stock. On August 21, 2018 our Board approved a new stock repurchase program under which we are authorized to repurchase up to an additional $2 billion of our common stock. At January 31, 2019 , authorization from our Board of Directors to expend up to $3.0 billion remained available under these plans.

ITEM 6 - EXHIBITS

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

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:	February 22, 2019	By:	/s/ MICHELLE M. CLATTERBUCK
			Michelle M. Clatterbuck
			Executive Vice President and Chief Financial Officer (Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference
10.01	Fourth Amended and Restated Management Stock Purchase Program, updated as of October 30, 2018	X	
10.02	Form of Executive Chair RSU Agreement - service-based vesting	X	
10.03	First Amendment to Credit Agreement, dated as of December 10, 2018, among Intuit, the Lenders party thereto, and Bank of America, N.A. as Lead Administrative Agent	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	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X	
101.SCH	XBRL Taxonomy Extension Schema	X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X	
101.LAB	XBRL Taxonomy Extension Label Linkbase	X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X	

* This exhibit is intended to be furnished and shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended.

Exhibit 10.01

INTUIT INC.

FOURTH AMENDED AND RESTATED MANAGEMENT STOCK PURCHASE PROGRAM

Updated as of October 30, 2018

1. **ESTABLISHMENT OF PROGRAM; PURPOSE.** The Intuit Inc. Management Stock Purchase Program (the "MSPP") was initially adopted by the Compensation and Organizational Development Committee of the Board on October 24, 2006 and has been subsequently amended and restated on October 23, 2007, January 19, 2012 and October 28, 2014. This fourth amendment and restatement of the MSPP was adopted by the Compensation and Organizational Development Committee of the Board on October 30, 2018. The MSPP is intended to provide encouragement and assistance to certain key employees of the Company in meeting the Company's stock ownership guidelines by providing for the opportunity to purchase and receive awards of Restricted Stock Units under Sections 7 and 8 of the Intuit Inc. 2005 Equity Incentive Plan, as amended (the "Plan"). The MSPP is intended to be a part of the Plan. All capitalized terms in the MSPP that are not defined herein shall have the meanings given to them in the Plan. The MSPP is not meant to interpret, extend, or change the Plan in any way, or to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between the MSPP and the provisions of the Plan, the provisions of the Plan shall apply.

2. TAX COMPLIANCE. The MSPP is intended to comply with Section 409A of the Code and any regulatory or other guidance issued under such section. It is the Company's intention that any terms of the MSPP (and any Restricted Stock Units issued pursuant to the MSPP) that conflict with the regulations issued under Section 409A of the Code or other future guidance shall be null and void and that any terms that are missing from the MSPP which such regulations and/or other guidance would require the MSPP to contain in order to comply with the requirements of Section 409A of the Code shall be incorporated into the MSPP.

3. ELIGIBILITY AND PARTICIPATION.

3.1 Eligibility . An employee of the Company shall be eligible to participate in the MSPP if the employee is a member of a select group of management or highly compensated employees within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and is named by the Committee or the Company's Chief Executive Officer to be a participant in the MSPP (each such employee who elects to defer bonus compensation pursuant to the MSPP is referred to herein a "Participant"). For the avoidance of doubt, the Company's Chief Executive Officer shall be permitted to participate in the MSPP. To be considered for participation in a year, the Participant must have projected annualized base salary and target incentive compensation equal to at least $145,000 and be employed either inside or outside the U.S., at a position at the director level or above. Notwithstanding the foregoing, an employee who has participated in the MSPP as a director whose position has been reduced to below that of director may be eligible to participate in the MSPP for the year in which such reduction occurs provided he continues to have projected base salary and target incentive compensation equal to at least $145,000.

3.2 Participation . An eligible employee may elect to participate in the MSPP with respect to any calendar year by submitting a participation agreement (in the form determined by the Company (a “Participation Agreement”) to the Company, prior to the date established by the Company, in the immediately preceding calendar year.

3.3 Partial Year Participation . In the event that an employee first becomes eligible to participate during a calendar year, a Participation Agreement must be submitted to the Company no later than thirty (30) days following the employee first becoming eligible to participate in the MSPP. Such Participation Agreement shall be effective only with regard to bonus compensation for services to be performed subsequent to the receipt of the Participation Agreement by the Company.

4. RESTRICTED STOCK UNIT AWARDS

4.1 Bonus Deferral Commitment. A Participant may elect to defer from 5% to 15% of his or her annual bonus compensation (in increments of 1%), paid under any annual incentive plan, including without limitation the Company’s Performance Incentive Plan, Senior Executive Incentive Plan, and effective as of August 1, 2010, the Company’s annual sales incentive compensation plans (collectively, “Bonus Compensation”), in the Participation Agreement (any amount so elected to be deferred pursuant to the MSPP is referred to herein as a “Bonus Deferral Commitment”). Deferrals of Bonus Compensation under the MSPP are intended to conform to the requirements of Section 409A of the Code. The amount to be deferred shall be stated as a percentage of any Bonus Compensation payable during the calendar year with respect to which the deferral applies (the “Deferral Period”) from any Bonus Compensation payable during the Deferral Period, or in such other form as allowed by the Committee consistent with the requirements of Section 409A of the Code. Each Bonus Deferral Commitment shall be obtained by a Participant in a time and manner that complies with Section 409A of the Code and any regulatory or other guidance issued thereunder.

4.2 Awards of Restricted Stock Units.

(a) Purchased Restricted Stock Units. On the date that amounts subject to a Bonus Deferral Commitment hereunder would otherwise become payable (the “Purchase Date”), the Company shall withhold such payment and instead award to the Participant on the Purchase Date pursuant to Sections 7 and 8 of the Plan Restricted Stock Units (“Purchased RSUs”) covering a number of Shares having an aggregate Fair Market Value on the Purchase Date equal to the amount of the Bonus Compensation elected to be deferred (rounded down to the nearest whole Share).

(b) Matching Restricted Stock Units. In addition to the Purchased RSUs and subject to the limitations set forth in Section 4.3(c) of this MSPP, on the Purchase Date, the Company shall also award to the Participant pursuant to the Plan Restricted Stock Units (“Matching RSUs”) covering a number of Shares equal to the number of Shares subject to the Purchased RSUs awarded to the Participant on the Purchase Date pursuant to Section 4.2(a) of this MSPP.

(c) Vesting. Unless otherwise provided for in the terms of an Award Agreement, all Purchased RSUs shall be fully vested as of the applicable Purchase Date. Matching RSUs shall vest as described in the applicable Award Agreement. All other terms and conditions of the Purchased RSUs and the Matching RSUs shall be set forth either in an applicable Award Agreement or in the Plan.

(d) Employment Required. Notwithstanding anything herein to the contrary, a Participant must be employed by the Company on the Purchase Date in order to receive an award of Restricted Stock Units under the MSPP.

4.3 Limitations on Bonus Deferral Commitments and Restricted Stock Unit Awards . The following limitations shall apply to Bonus Deferral Commitments:

(a) Minimum and Maximum Deferral. The deferral amount for a Bonus Deferral Commitment must be between five percent (5%) and fifteen percent (15%) of any such Bonus Compensation to be paid or payable during the Deferral Period.

(b) Maximum Match. In addition to the limit set forth in Section 4.3(a) above, the maximum number of Shares that may be subject to Matching RSUs that may be issued to a Participant in respect of Purchased RSUs purchased in any one calendar year shall be as follows (in each case, based on the Participant's position on the applicable Purchase Date):

(1) if the Participant is employed on the Purchase Date at the Director level, 300 Shares;

(2) if the Participant is employed on the Purchase Date at the Vice President level, 750 Shares;

(3) if the Participant is employed on the Purchase Date at the Senior Vice President level or above (other than the Company's Chief Executive Officer), 1,500 Shares;

(4) if the Participant is employed on the Purchase Date as the Executive Chairman of the Company's Board of Directors, 2,500 Shares;

(5) if the Participant is employed on the Purchase Date as the Company's Chief Executive Officer, 3,000 Shares; and

(c) Changes in Limits. The Committee may amend the MSPP to change the maximum limits set forth in this Section 4.3 (or implement new minimum or maximum limits) from time to time by giving written notice to all Participants. No such change may affect a Bonus Deferral Commitment made prior to the Committee's action unless otherwise required by law.

4.4 Modification of Bonus Deferral Commitment. A Bonus Deferral Commitment shall be irrevocable except that the Committee shall permit a Participant to reduce the amount to be deferred, or waive the remainder of the Bonus Deferral Commitment upon a finding that the

Participant has suffered an Unforeseeable Emergency (as defined under the Company's Executive Deferred Compensation Plan, as amended from time to time) . If the Committee grants the application, the Participant will not be allowed to enter into a new Bonus Deferral Commitment for the remainder of the Deferral Period in which the reduction or waiver of the Bonus Deferral Commitment occurs and the following Deferral Period . Any resumption of the Participant's deferrals under this Plan shall be made only at the election of the Participant in accordance with this Section 4.

5. RIGHTS OF PARTICIPANTS.

5.1 Contractual Obligation. The MSPP shall create an unfunded, unsecured contractual obligation on the part of the Company to make payments due under Restricted Stock Units.

5.2 Unsecured Interest. No Participant or party claiming an interest in benefits of a Participant hereunder shall have any interest whatsoever in any specific asset of the Company . To the extent that any party acquires a right to receive payments under the MSPP, such right shall be equivalent to that of an unsecured general creditor of the Company . Each Participant, by participating hereunder, agrees to waive any priority creditor status with respect to any amounts due hereunder . The Company shall have no duty to set aside or invest any amounts credited to Restricted Stock Unit awards under the MSPP.

6. AMENDMENTS AND TERMINATION. The Company reserves the right to amend, modify, or terminate the MSPP (in whole or in part) at any time by action of the Board or the Committee, with or without prior notice . Except as described below in this Section 6, no such amendment or termination shall in any material manner adversely affect any Participant's rights to any amounts already deferred or credited hereunder or deemed earnings thereon, up to the point of amendment or termination, without the consent of the Participant . Subject to the above provisions, the Board shall have broad authority to amend the MSPP to take into account changes in applicable law, including but not limited to securities and tax laws and accounting rules.

7. CLAIMS PROCEDURE.

7.1 Claim. The Committee shall establish rules and procedures to be followed by Participants and their beneficiaries in (a) filing claims for benefits, and (b) for furnishing and verifying proof necessary to establish the right to benefits in accordance with the MSPP, consistent with the remainder of this Section 7 . Such rules and procedures shall require that claims and proof be made in writing and directed to the Committee.

7.2 Review of Claim. The Committee or its designee shall review all claims for benefits . Upon receipt by the Committee of such a claim, it shall determine all facts which are necessary to establish the right of the claimant to benefits under the provisions of the MSPP and the amount thereof as herein provided within ninety (90) days of receipt of such claim . If prior to the expiration of the initial ninety (90) day period, the Committee determines additional time is needed to come to a determination on the claim, the Committee shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of one hundred eighty (180) days from the date the application was received.

7.3 Notice of Denial of Claim. In the event that any Participant, beneficiary or other claimant claims to be entitled to a benefit under the MSPP, and the Committee determines that such claim should be denied, in whole or in part, the Committee shall, in writing, notify such claimant that the claim has been denied, in whole or in part, setting forth the specific reasons for such denial **.** Such notification shall be written in a manner reasonably expected to be understood by such claimant, shall refer to the specific sections of the MSPP relied on, shall describe any additional material or information necessary for the claimant to perfect the claim, shall provide an explanation of why such material or information is necessary, and, where appropriate, shall include an explanation of how the claimant can obtain reconsideration of such denial.

7.4 Reconsideration of Denied Claim.

(a) Within sixty (60) days after receipt of the notice of the denial of a claim, such claimant or duly authorized representative may request, by mailing or delivery of such written notice to the Committee, a reconsideration by the Committee of the decision denying the claim **.** If the claimant or duly authorized representative fails to request such a reconsideration within such sixty (60) day period, it shall be conclusively determined for all purposes of the MSPP that the denial of such claim by the Committee is correct **.** If such claimant or duly authorized representative requests a reconsideration within such sixty (60) day period, the claimant or duly authorized representative shall have thirty (30) days after filing a request for reconsideration to submit additional written material in support of the claim, review pertinent documents, and submit issues and comments in writing.

(b) After such reconsideration request, the Committee shall determine within sixty (60) days of receipt of the claimant's request for reconsideration whether such denial of the claim was correct and shall notify such claimant in writing of its determination. The written notice of the Committee's decision shall be in writing and shall include specific reasons for the decision, shall be written in a manner reasonably calculated to be understood by the claimant, and shall identify specific references to the pertinent Plan provisions on which the decision is based. In the event of special circumstances determined by the Committee, the time for the Committee to make a decision may be extended by an additional sixty (60) days upon written notice to the claimant prior to the commencement of the extension.

7.5 Employer to Supply Information. To enable the Committee to perform its duties, the Company shall supply full and timely information to the Committee of all matters relating to the retirement, Disability, death, or other cause for termination of employment of all Participants, and such other pertinent facts as the Committee may require.

Exhibit 10.02

Award No. ***

INTUIT INC. AMENDED AND RESTATED 2005 EQUITY INCENTIVE PLAN GRANT AGREEMENT

Restricted Stock Unit

(Service-Based Vesting: Executive Chair Grant)

Intuit Inc., a Delaware corporation ("Intuit" or the "Company"), hereby grants you a restricted stock unit award ("Award") pursuant to the Company's Amended and Restated 2005 Equity Incentive Plan (the "Plan"), of the Company's common stock, $0.01 par value per share ("Common Stock" or "Shares") in recognition of [*] your service as the Company's Executive Chairman on [date]. The number of Shares that are subject to the Award and may be earned by you ("Number of Shares") is set forth below. All capitalized terms in this Grant Agreement ("Agreement") that are not defined in this Agreement have the meanings given to them in the Plan. This Agreement shall include any appendices, addenda or consents attached hereto or otherwise associated herewith. This Award is subject to all of the terms and conditions of the Plan, which is incorporated into this Agreement by reference. This Agreement is not meant to interpret, extend, or change the Plan in any way, or to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan, the provisions of the Plan shall apply.

Name of Participant:
Number of Shares: ***
Date of Grant:
First Vesting Date:

*****This information is as shown in the Restricted Stock Units section of the third party administrator's online portal.**

Vesting Based on Service . Subject to the forfeiture provisions set forth in this Agreement based on the performance of continued service prior to the time at which a Termination has occurred, this Award will vest as to 25% of the Number of Shares on the First Vesting Date, and as to 6.25% of the Number of Shares on each April 1, July 1, October 1 and December 31 that follow the First Vesting Date (each a "Vesting Date"), until the Award is fully vested, provided you have not Terminated before the respective Vesting Dates. Notwithstanding the foregoing, Sections 1(b) through 1(d) provide certain circumstances in which you may vest in all or a portion of this Award. Any portion of this Award that does not vest, including pursuant to Sections 1(b) through 1(d), shall be cancelled and you will have no further right or claim thereunder.

1. In the event of your Termination prior to the last Vesting Date, the following provisions will govern the vesting of this Award:

(a) Termination Generally : In the event of your Termination prior to the last Vesting Date for any reason other than as expressly set forth in the other subsections of this Section 1 of the Agreement, this Award immediately will stop vesting and will terminate, and you will have no further right or claim to anything under this Award (other than with respect to the portion of the Award that has previously vested).

(b) Termination due to Retirement : In the event of your Termination prior to the last Vesting Date due to your Retirement, then you will vest in a pro-rata portion of the Number of Shares, to be calculated as follows: divide your number of full months of service since the Date of Grant by forty-eight (48) months, multiply that quotient by the Number of Shares, then subtract any Shares in which you already have vested, and round down to the nearest whole Share, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, "Retirement" means the Termination of your employment with the Company after you have reached age fifty-five (55) and completed ten (10) full years of service with the Company (including any parent or Subsidiary).

(c) Termination due to Death or Disability : In the event of your Termination prior to the last Vesting Date due to your death or Disability after you have been actively employed by the Company for one year or more, this Award will vest as to 100% of the Number of Shares on your Termination Date, minus any Shares in which you already have vested, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, "Disability" is defined in Section 30(j) of the Plan.

(d) Termination On or Within One Year Following Corporate Transaction : In the event of your Termination by the Company or its successor on or within one year following the date of a Corporate Transaction and prior to the last Vesting Date, you will vest in a pro-rata portion of the Number of Shares, to be calculated as follows: divide your number of full months of service since the Date of Grant by forty-eight (48) months, multiply that quotient by the Number of Shares, then subtract any Shares in which you already have vested, and round down to the nearest whole Share, and the Vesting Date under this Agreement will be your Termination Date. For purposes of this Award, "Corporate Transaction" is defined in Section 30(i) of the Plan.

(e) For purposes of this Agreement, your Termination will be deemed to occur on the Termination Date, as defined in the Plan.

2. Automatic Deferral; Issuance of Shares under this Award :

(a) Following a Vesting Date, and subject to Section 4 of the Agreement, the Company will issue you the Shares that became vested on such Vesting Date as soon as reasonably possible after the earliest of (i) the date that is one year following the applicable Vesting Date, (ii) the date of your death or termination of employment on account of Disability, or (iii) the occurrence of a Corporate Transaction that is a 409A Change in Control (as defined below). In the event that the 409A Change in Control precedes such Vesting Date, the Company will issue you the Shares that become vested on such Vesting Date as soon as reasonably possible following such Vesting Date. For avoidance of doubt, the occurrence of a Corporate Transaction that is not a 409A Change in Control will not trigger the issuance of Shares prior to the date that is one year following the applicable Vesting Date.

(b) Upon the occurrence of an event described in Sections 1(b), 1(c) or 1(d), any Shares that become vested on account of the application of Sections 1(b), 1(c) or 1(d) will be issued to you by the Company as soon as reasonably possible after the occurrence thereof. In addition, upon the occurrence of an event described in Sections 1(b), 1(c) or 1(d) after a Vesting Date, any Shares that previously became vested on account of the occurrence of such Vesting Date but have not yet been issued to you shall be issued by the Company as soon as reasonably possible after the occurrence of the event described in Section 1(b), 1(c) or 1(d), but in any event in compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), including the provisions of Section 6(j) below.

(c) A "409A Change in Control" shall mean a "change in the ownership or effective control" of the Company or "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Treasury Regulations §§1.409A-3(a)(5) and 1.409A-3(i).

(d) For purposes of this Award, each date on which the shares are issued to you in respect of the Award is referred to as a "Settlement Date." Until the date the Shares are issued to you, you will have no rights as a stockholder of the Company. You acknowledge and agree that you may be required to provide a written or electronic acknowledgement prior to the issuance of any Shares to you by the Company under this Agreement. All issuances of Shares will be subject to the requirements of Section 409A of the Code.

(e) Notwithstanding the foregoing, upon your Termination by the Company for Cause (as defined below), any portion of the Award that has not been previously settled will terminate, be forfeited, and you will have no further right or claim to anything under this Award. "Cause" means, for purposes of this Agreement, (i) gross negligence or willful misconduct in the performance of your duties to the Company (other than as a result of a Disability) that has resulted or is likely to result in material damage to the Company, after a written demand for substantial performance is delivered to you by the Board of Directors which specifically identifies the manner in which you have not substantially performed your duties and you have been provided with a reasonable opportunity of not less than 30 days to cure any alleged gross negligence or willful misconduct; (ii) commission of any act of fraud with respect to the Company; or (iii) conviction of a felony or a crime involving moral turpitude. No act or failure to act by you will be considered "willful" if done or omitted by you in good faith with reasonable belief that your action or omission was in the best interests of the Company. If the term "Cause" is defined in a separate agreement between you and the Company setting forth the terms of your employment relationship with the Company, that definition of "Cause" shall apply in lieu of the definition set forth in this Section 2(e).

3. Rights as a Stockholder; Dividend Equivalent Rights : You shall have no voting or other rights as a stockholder with respect to the Shares underlying the Award until such Shares have been issued to you. Notwithstanding the preceding sentence, you shall be entitled to receive payment of the equivalent of any and all dividends declared by the Company on its Common Stock on each date on which dividends are paid on and after the Date of Grant of the Award in an amount equal to the amount of such dividends multiplied by the number of Shares underlying the then outstanding portion of the Award. These dividend equivalents shall be paid upon the later of (a) the date dividends are paid to the common stockholders of the Company, or (b) the date the Restricted Stock Units with respect to which such dividend equivalents are payable become vested and the underlying Shares are issued (it being understood that no dividend equivalents will be

paid with respect to Shares underlying any Restricted Stock Units that do not vest, but that dividend equivalent rights equal to the dividends declared on the Company's Common Stock from and after the Date of Grant of the unvested Restricted Stock Units shall be paid as and when such Restricted Stock Units vest and the underlying Shares are issued).

4. Withholding Taxes : If you are subject to United States federal income and employment taxes, this Award is generally taxable upon a Settlement Date based on the Fair Market Value on such date; provided that this Award may become taxable for purposes of employment taxes upon vesting, if earlier than a Settlement Date. For further detail, and for information regarding taxation in other jurisdictions, you should refer to the Global Supplement, which is an attachment to and is incorporated by reference into this Agreement. To the extent required by applicable law, you shall make arrangements satisfactory to the Company for the payment and satisfaction of any income tax, employment tax, social security tax, social insurance, payroll tax, contributions, payment on account or other withholding obligations that arise under this Award and, if applicable, any sale of Shares. The Company shall not be required to issue Shares pursuant to this Award or to recognize any purported transfer of Shares until such obligations are satisfied. Subject to the Company's discretion and in compliance with applicable laws, these obligations may be satisfied by the Company withholding a number of Shares that would otherwise be issued under this Award that the Company determines has a Fair Market Value sufficient to meet the tax withholding obligations (determined using a rate of up to the maximum statutory rate in the applicable jurisdictions), including but not limited to withholding with respect to income and/or employment taxes on this Award, including any stock-settled dividend equivalent rights paid with respect to any Shares underlying this Award. Subject to the Company's discretion and in compliance with applicable laws, these obligations may also be satisfied by other methods including, but not limited to: (a) through a "same day sale" commitment from you and a FINRA Dealer meeting the requirements of the Company's "same day sale" procedures, (b) having the Company withhold amounts from amounts otherwise payable to you under the Company's payroll system, and (c) any other methods approved by the Company. Notwithstanding the foregoing, since you are a Section 16 Officer of the Company, unless otherwise agreed to by the Company and you, these obligations will be satisfied by the Company withholding a number of Shares that would otherwise be issued under this Award that the Company determines has a Fair Market Value sufficient to meet the tax withholding obligations (determined as the minimum statutory rate in the applicable jurisdictions), including but not limited to withholding with respect to income and/or employment taxes on this Award, including any stock-settled dividend equivalent rights paid with respect to any Shares underlying this Award. For purposes of this Award, "Fair Market Value" is defined in Section 30(m) of the Plan.

   You are ultimately liable and responsible for all taxes owed by you in connection with this Award, regardless of any action the Company takes or any transaction pursuant to this section with respect to any tax withholding obligations that arise in connection with this Award. The Company makes no representation or undertaking regarding the treatment of any tax withholding in connection with the grant, issuance, vesting or settlement of this Award or the subsequent sale of any of the Shares underlying the Award that vest. The Company does not commit and is under no obligation to structure this Award to reduce or eliminate your tax liability or to ensure that the tax withholding is sufficient to entirely satisfy your tax liability arising from this Award.

5. Disputes : Any question concerning the interpretation of this Agreement, any adjustments to be made thereunder, and any controversy that may arise under this Agreement, shall be determined by the Committee in accordance with its authority under Section 4 of the Plan. Such decision by the Committee shall be final and binding.

6. Other Matters :

   (a) The Award granted to an employee in any one year, or at any time, does not obligate the Company or any Subsidiary or other affiliate of the Company to grant an award in any future year or in any given amount and should not create an expectation that the Company (or any Subsidiary or other affiliate) might grant an award in any future year or in any given amount. Decisions regarding any future grants of an award, if any, will be at the sole discretion of the Committee.

   (b) As the grant of the Award is discretionary, the grant does not form part of your contract of employment. If you are employed by any Company in the group other than the Company, the grant of the Award will not form a contractual relationship between you and the Company and will not form part of your contract of employment with the Subsidiary which employs you.

   (c) Notwithstanding anything to the contrary in this Agreement, if you change classification from a full-time employee to a part-time employee, the Company may make unilateral changes to the terms and conditions of this Award, including reducing the number of Shares subject to this Award, in accordance with Company policy.

(d) This Award is an extraordinary item that does not constitute compensation for services that you have rendered to the Company or any Subsidiaries (including, as applicable, your employer). Further, this Award is not part of normal or expected compensation or salary for any purpose including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses long-service awards, pension or retirement benefits or similar payments.

(e) Your participation in the Plan is voluntary. The Company, and its officers or directors, do not guarantee or make any representation to you regarding the performance of the Common Stock. The future value of the Common Stock is unknown and cannot be predicted with any certainty.

(f) Because this Agreement relates to terms and conditions under which you may be issued Shares and the Company is a Delaware corporation, an essential term of this Agreement is that it shall be governed by the laws of the State of Delaware, without regard to choice of law principles of Delaware or other jurisdictions. You acknowledge and agree that any action, suit, or proceeding relating to this Agreement or the Award granted hereunder shall be brought in the state or federal courts of competent jurisdiction in Santa Clara County in the State of California.

(g) Communications regarding the Plan and this Award may be made by electronic delivery through an online or electronic system established and maintained by the Company or a third party designated by the Company. You hereby acknowledge that you have read this provision and consent to the electronic delivery of the documents.

(h) You hereby understand and acknowledge that your personal data may be collected, used and transferred, in electronic or other form, by and among, as applicable, your employer, the Company and its Subsidiaries for the purposes of implementing, administering and managing the Plan. This may include personal data regarding your employment, the nature and amount of your compensation and the fact and conditions of your participation in the Plan, your name, gender, home address, email address and telephone number, date of birth, tax file number, social security number or other identification number, salary, tax information, nationality, job title, any shares of stock or directorships held in the Company and its Subsidiaries, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor and other personal data reasonably required for the purpose of implementing, administering and managing the Plan (the “Data”). For more information about your employer’s collection and processing of your Data for this purpose, please see Intuit’s Global Employee Privacy Policy, which can be found on the Company’s Intranet or by contacting your local human resources representative.

(i) Data Transfer for Administration of Plan.

   (i) You understand that certain Data may be transferred to the stock administrator, whose name and contact information can be found on the Company’s Intranet (the “Stock Administrator”) and other third parties as necessary to enable or assist with the implementation, administration and management of the Plan. You understand that such recipients may act as independent Data Controllers of your Data under applicable privacy laws and in such cases the third party will be responsible for the processing of the Data once it is in their possession or control. You acknowledge that such third parties may process your Data in the United States or in other countries with different, and in some cases less protective, data protection laws than in your country. You acknowledge and understand that, where any such third party is operating as a Data Controller, that third party may collect additional Data from you in order to implement, administer and manage the Plan, and that third party’s privacy policy will govern its collection, use and sharing of your Data.

   (ii) You acknowledge and understand that where any such third party is acting as an independent Data Controller, you will need to exercise your data rights under local law, as applicable, with the third party Data Controller directly.

(j) This Agreement, and any issuance of Shares hereunder, is intended to comply and shall be interpreted in accordance with Section 409A of the Code. Upon your Separation from Service, the Company shall determine whether any Shares issued to you in accordance with this Agreement could be determined to be payments from a nonqualified deferred compensation plan and whether you are a “specified employee” as of the applicable payment date (each as defined by Section 409A of the Code). If you are determined to be a “specified employee” and any such payments are payable in connection with your Separation from Service, and are not exempt from Section 409A of the Code as a short-term deferral or otherwise, these payments, to the extent otherwise payable within six (6) months after your date of Separation from Service, will be paid in a lump sum on the earlier of: (i) the date that is six (6) months after your date of Separation from Service or (ii) the date of your death. The foregoing six (6) month delay shall be applied if and only to the extent necessary to avoid the imposition of taxes under Section 409A of the Code. For purposes of this Agreement, a "Separation from Service" means an anticipated permanent reduction in the level of bona fide services to twenty percent (20%) or less of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period. For purposes of Section 409A of the Code, the payments to be made to you in accordance with this Agreement shall be treated as a right to a series of separate payments.

7. Miscellaneous : This Agreement (including the Plan, which is incorporated herein by reference) constitutes the entire agreement between you and the Company with respect to this Award, and supersedes all prior agreements or promises with respect to the Award. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and you. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of an Award described in Section 14 of the Plan, this Agreement shall be binding on your permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered, (1) in the case of the Company, to the Company, attn.: Stock Administration at 2535 Garcia Ave., Mountain View, CA 94043, or at such other address designated in writing by the Company to you, and (2) in the case of you, at the address recorded in the books and records of the Company as your then current home address. You acknowledge and agree that any such notices from the Company to you may also be delivered through the Company's electronic mail system (prior to your Termination Date) or at the last email address you provided to the Company (after your Termination Date).

Additional information about the Plan and this Award (including certain tax consequences related to the Award) is contained in the accompanying Prospectus.

The Company has signed this Agreement effective as of the Date of Grant.

INTUIT INC.

By: /S/ ----------------------

[Name of officer executing the award agreement]

Exhibit 10.03

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this " Amendment "), dated as of December 10, 2018 (the " First Amendment Effective Date "), is entered into among INTUIT INC. (the " Borrower "), the Lenders party hereto, and BANK OF AMERICA, N.A., as Lead Administrative Agent (the " Lead Administrative Agent "). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

RECITALS

WHEREAS, the Borrower, the Lenders from time to time party thereto and the Co-Administrative Agents, are parties to that certain Credit Agreement, dated as of February 1, 2016 (as amended, restated, amended and restated, supplemented, extended, replaced or otherwise modified from time to time, the " Credit Agreement "); and

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Amendments .

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following defined terms in appropriate alphabetical order:

" Beneficial Ownership Certification " means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

" Beneficial Ownership Regulation " means 31 C.F.R. § 1010.230.

" Finance Subsidiary " means any special purpose Subsidiary directly or indirectly wholly owned by an Originator formed to enter into any Structured Finance Transaction and which is organized in a manner (as determined by the Borrower in good faith) intended to reduce the likelihood that it would be substantively consolidated with the Borrower or any of its Subsidiaries (other than Finance Subsidiaries) in the event the Borrower or any such Subsidiary (including the Originator) becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law).

" First Amendment Effective Date " means December 10, 2018.

" Originator " means Intuit Financing, Inc., a direct wholly-owned Subsidiary of the Borrower, or any other direct or indirect Subsidiary of the Borrower formed for the business purpose of originating loans, receivables or similar assets and financing, selling or securitizing the same.

" Securitization Attributable Indebtedness " means, as of any date of determination, the amount of obligations outstanding on such date under the legal documents entered into as part of any Structured Finance Transaction that corresponds to the outstanding net investment (including loans) of, or cash purchase price paid by, the unaffiliated third party purchasers or financial institutions participating in such transaction and, as such, would be characterized as principal if such transaction were structured as a secured lending transaction rather than as a purchase (or, to the extent structured as a secured lending transaction, is principal).

" Structured Finance Transaction " means any securitization, warehouse financing, repurchase transaction, whole loan sale transaction or similar financing or monetization of loans or receivables originated by an Originator, or any secured or unsecured hedge or swap related thereto, however named or documented, that (a) is not guaranteed by the Borrower, or any Subsidiary of the Borrower (other than Finance Subsidiaries or with respect to customary guarantees of performance, an Originator), (b) does not create recourse or obligations to the Borrower or any Subsidiary of the Borrower (other than an Originator or any Finance Subsidiary), (c) is structured such that recourse and obligations to the relevant Originator in connection with such transactions shall be limited to the extent customary (as determined by the Borrower in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with respect to any transfer by such Originator to a Finance Subsidiary) and (d) none of the Borrower nor any of its Subsidiaries (other than any Finance Subsidiary or, as permitted in clause (c) of this definition, an Originator) shall have provided, either directly or indirectly, any credit support of any kind in connection with such Structured Finance Transaction.

(b) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the following definitions appearing therein in their entirety to read as follows:

" Debt " of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than (i) trade payables incurred in the ordinary course of business of such Person and (ii) earn-outs, hold-backs and similar deferred payment of consideration in acquisitions (but only to the extent that (A) no payment is then owed thereunder and (B) the same are not fixed in amount and non-contingent)), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all net obligations of such Person in respect of Hedge Agreements entered into with a particular counterparty (determined as of any date as the amount such Person would be required to pay to its counterparty in accordance with the terms thereof as if terminated on such date of determination), (h) all Securitization Attributable Indebtedness of such Person (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below and other payment obligations (collectively, " Guaranteed Debt ") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (i) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

" Debt for Borrowed Money " means, as at any date of determination, all items that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of the Borrower and its Subsidiaries (but excluding indebtedness of any Finance Subsidiary issued or undertaken in any Structured Finance Transaction permitted under Section 6.04(g)).

" Lead Arrangers " means MLPFS (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred following the First Amendment Effective Date), J.P. Morgan Securities L.L.C., U.S. Bank National Association and The Bank of Tokyo-Mitsubishi UFJ, Ltd., in their respective capacities as joint lead arrangers and joint bookrunners.

" Permitted Liens " means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.02 hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than thirty (30) days or that are being contested in good faith and for which any reserves required by GAAP have been established; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (e) Liens to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature; (f) landlords' Liens under leases to which such Person is a party; (g) Liens consisting of leases, subleases, licenses or sublicenses granted to others and not interfering in any material respect with the business of the Borrower and its Subsidiaries, taken as a whole, and any interest or title of a lessor or licensor under any lease or license, as applicable; (h) Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (i) Liens securing judgments for the payment of money not constituting an Event of Default under clause (f) of Article VII or securing appeal or other surety bonds related to such judgments; (j) restrictions on funds held for payroll customers pursuant to obligations to such customers; and (k) Liens granted by a Financing Subsidiary on assets collateralizing any Structured Financing Transaction (and any back-up security interest granted in such assets by the relevant Originator in connection with the sale and securitization thereof) or granted by an Originator solely on Equity Interests in any Financing Subsidiary, to the extent such Equity Interests collateralize any Structured Financing Transaction, in each case, to the extent that such Liens are created by the agreements of such Originator or Financing Subsidiary in relation to such Structured Financing Transaction; provided , that , (i) such Liens extend only to the assets subject to such Structured Financing Transaction and the Equity Interests of Financing Subsidiaries and (ii) such Structured Financing Transaction is permitted pursuant to Section 6.04(g) .

(c) Section 3.09 of the Credit Agreement is hereby amended by adding a new sentence at the end thereof to read as follows:

As of the First Amendment Effective Date, the information included in any Beneficial Ownership Certification, if applicable, is true and correct in all respects.

(d) Section 6.01(e) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(e) Liens on cash collateral (excluding cash representing collections on or proceeds of loans or receivables comprising collateral for any Structured Financing Transaction) or government securities to secure obligations under Hedge Agreements and letters of credit; provided , that , the aggregate value of any collateral so pledged does not exceed $50,000,000 in the aggregate at any time;

(e) Section 6.02 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

The Borrower will not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (a) any Subsidiary of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Subsidiary of the Borrower, (b) any Subsidiary of the Borrower may merge into or dispose of assets to the Borrower, (c) any Subsidiary of the Borrower may merge into or dispose of assets to any other Person so long as the Borrower delivers to the Lead Administrative Agent a certificate from a Responsible Officer of the Borrower demonstrating pro forma compliance with Section 6.07 after giving effect to such transaction, (d) any Subsidiary of the Borrower may merge with any other Person so long as such Subsidiary (or another wholly-owned Subsidiary of the Borrower) is the surviving corporation, (e) any Finance Subsidiary may merge with any other Person in connection with the consummation of a Structured Financing Transaction so long as the surviving entity is a Finance Subsidiary and (f) the Borrower may merge with any other Person so long as the Borrower is the surviving corporation; provided, that, in each case, no Default or Event of Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(f) Section 6.04 of the Credit Agreement is hereby amended by (i) deleting clauses (e) and (f) thereof in their entirety and (ii) replacing them with new clauses (e), (f) and (g) thereof to read as follows:

(e) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(f) other Debt aggregating for all of the Subsidiaries of the Borrower, together with Debt secured by Liens permitted under Section 6.01(g) , in an amount not to exceed ten percent (10%) of Consolidated total assets of the Borrower at any time outstanding (determined as of the date such Debt or Lien was incurred); and

(g) Debt of any Finance Subsidiary or an Originator (solely with respect to recourse permitted under clause (c) of the definition of Structured Finance Transaction), issued or undertaken in any Structured Finance Transaction; provided , that , the aggregate amount of such Debt shall not exceed $1,000,000,000 at any time outstanding.

(g) Section 9.13 of the Credit Agreement is hereby amended by adding a new sentence at the end thereof to read as follows:

The Borrower agrees to, promptly following a request by the Lead Administrative Agent or any Lender, provide all such documentation and information that the Lead Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation.

2. Conditions Precedent . This Amendment shall be effective upon satisfaction of the following conditions precedent:

(a) receipt by the Lead Administrative Agent of executed counterparts of this Amendment duly executed by the Borrower, the Required Lenders, and the Lead Administrative Agent; and

(b) to the extent that the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, receipt by the Lead Administrative Agent and each Lender that so requests, of a Beneficial Ownership Certification in relation to the Borrower.

3. Payment of Expenses . The Borrower agrees to reimburse the Lead Administrative Agent for all reasonable and documented out of pocket expenses incurred by the Lead Administrative Agent in connection with the preparation, execution and delivery of this Amendment and any certificates or other documents prepared in connection

herewith or therewith, including the reasonable and documented fees, charges and disbursements of Moore & Van Allen PLLC.

4. Miscellaneous .

(a) The Credit Agreement and the obligations of the Borrower thereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Amendment is a Loan Document.

(b) The Borrower represents and warrants that: (i) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Amendment; (ii) the execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action, and do not contravene (A) the terms of the Borrower's charter or by-laws, or (B) any law or any contractual restriction binding on or affecting the Borrower, other than violations of contractual restrictions that could not reasonably be expected to result in a Material Adverse Effect or result in the imposition of any Lien on any asset of the Borrower or any of its Subsidiaries; (iii) this Amendment constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, subject to (A) bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors, and (B) general principles of equity, regardless of whether applied in proceedings in equity or at law; and (iv) after giving effect to this Amendment, (A) the representations and warranties of the Borrower contained in Article III of the Credit Agreement (other than those set forth in Sections 3.05(b) and 3.06 of the Credit Agreement) are true and correct on and as of the First Amendment Effective Date, and (B) no Default or Event of Default has occurred and is continuing.

(c) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imagine means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

(d) If any provision of this Amendment is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(f) The terms of Sections 9.09 and 9.10 of the Credit Agreement with respect to submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis* , and the parties hereto agree to such terms.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWER: INTUIT INC.,
a Delaware corporation

By: /s/ WILLIAM BASCOM
Name :William Bascom
Title: Assistant Treasurer

I

LEAD ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,
as Lead Administrative Agent

By: /s/ MELISSA MULLIS
Name: Melissa Mullis
Title: Assistant Vice President

LENDERS: BANK OF AMERICA, N.A.,
as a Lender

By: /s/ ARTI DIGHE
Name: Arti Dighe
Title: Vice President

I

JPMORGAN CHASE BANK, N.A.
as a Lender

By: /s/ TIMOTHY D. LEE
Name: Timothy D. Lee
Title: Executive Director

U.S. Bank National Association,
as a Lender

By: /s/ LUKAS COLEMAN
Name: Lukas Coleman
Title: Vice President

MUFG Bank Ltd,
as a Lender

By: /s/ AILEEN SUPENA THRONE
Name: Aileen Supena Throne
Title: Director

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/ JASON RINNE
Name: Jason Rinne
Title: Director

Wells Fargo Bank, National Association,
as a Lender

By: /s/ JESSE MASON
Name: Jesse Mason
Title: Director

BARCLAYS BANK PLC,
as a Lender

By: /s/ PATRICIA ORETA
Name: Patricia Oreta
Title: Director
Executed in New York

HSBC Bank USA, N.A.
as a Lender

By: /s/ JEFFREY A. FRENCH
Name: JEFFREY A. FRENCH #20199
Title: SVP & Regional Commercial Executive
HSBC Bank USA, N.A.

The Northern Trust Company.
as a Lender

By: /s/ COLEEN LETKE
Name: Coleen Letke
Title: Senior Vice President

Exhibit 31.01

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

I, Sasan K. Goodarzi, 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: February 22, 2019

By: /s/ Sasan K. Goodarzi
Sasan K. Goodarzi
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, Michelle M. Clatterbuck, 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: February 22, 2019

By: /s/ MICHELLE M. CLATTERBUCK
Michelle M. Clatterbuck
Executive 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 January 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Sasan K. Goodarzi, 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/ SASAN K. GOODARZI
Sasan K. Goodarzi
President and Chief Executive Officer

Date: February 22, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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 January 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michelle M. Clatterbuck, Executive 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/ Michelle M. Clatterbuck
Michelle M. Clatterbuck
Executive Vice President and Chief Financial Officer

Date: February 22, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.