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reported in this report.)

[] 13F NOTICE. (Check if no holdings reported are in this report, and all holdings are reported in this report and a portion are reported by other reporting manager(s).)

[] 13F COMBINATION REPORT. (Check if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

FORM 13F SUMMARY PAGE

REPORT SUMMARY:

Number of Other Included Managers: 4

Form 13F Information Table Entry Total: 8,006

Form 13F Information Table Value Total: \$9,841,906 (thousands)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

No.	Form 13F File Number	Name
1	28-2725	SUNAMERICA ASSET MANAGEMENT CORP.
2	28-11910	FSC SECURITIES CORPORATION
3	28-12857	SAGEPOINT FINANCIAL, INC.
4	28-14431	ROYAL ALLIANCE ASSOCIATES, INC.

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
1 800 FLOWERS.COM INC CL A	COM	68243Q106	44,036	18,981	SH		SOLE	
1ST SOURCE CORP	COM	336901103	231,463	11,112	SH		SOLE	
1ST UNITED BANCORP INC/NOR	COM	33740N105	98,038	19,886	SH		SOLE	
3-D SYS CORP DEL	COM	88554D205	2,798	200	SH		DEFINED	
3D SYSTEMS CORP	COM	88554D205	428,262	30,612	SH		SOLE	
3M CO	COM	88579Y101	15,325,945	213,483	SH		SOLE	

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3M CO	COM	88579Y101	101,009	1,407	SH	DEFINED
3M CO	COM	88579Y101	308,449	4,297	SH	DEFINED
3M CO	COM	88579Y101	434,545	6,053	SH	DEFINED
3SBIO INC	COM	88575Y105	13,374	1,121	SH	DEFINED
8X8 INC	COM	282914100	184,640	45,366	SH	SOLE
99 CENTS ONLY STORES	COM	65440K106	2,516,375	136,611	SH	SOLE
A C MOORE ARTS & CRAFTS INC	COM	00086T103	2,502	2,360	SH	DEFINED
A123 SYS INC	COM	03739T108	344	100	SH	DEFINED
A123 SYS INC	COM	03739T108	1,720	500	SH	DEFINED
A123 SYS INC	COM	03739T108	9,460	2,750	SH	DEFINED
A123 SYSTEMS INC	COM	03739T108	221,849	64,491	SH	SOLE
AAON INC	COM	000360206	242,267	15,382	SH	SOLE
AAR CORP	COM	000361105	542,592	32,549	SH	SOLE
AARON S INC	COM	002535300	4,340,172	171,888	SH	SOLE
ABAXIS INC	COM	002567105	423,216	18,473	SH	SOLE
ABAXIS INC	COM	002567105	733	32	SH	DEFINED
ABB LTD	COM	000375204	27,328	1,600	SH	DEFINED
ABB LTD	COM	000375204	13,664	800	SH	DEFINED
ABB LTD	COM	000375204	13,664	800	SH	DEFINED
ABBOTT LABORATORIES	COM	002824100	27,622,095	540,127	SH	SOLE
ABBOTT LABS	COM	002824100	1,541,988	30,152	SH	DEFINED
ABBOTT LABS	COM	002824100	1,597,948	31,247	SH	DEFINED
ABBOTT LABS	COM	002824100	2,044,642	39,981	SH	DEFINED
ABERCROMBIE & FITCH CO	COM	002896207	985	16	SH	DEFINED
ABERCROMBIE + FITCH CO CL	COM	002896207	2,045,516	33,228	SH	SOLE
ABERDEEN ASIA PACIFIC INCOM	COM	003009107	12,508	1,815	SH	DEFINED
ABERDEEN ASIA PACIFIC INCOM	COM	003009107	654,605	95,008	SH	DEFINED
ABERDEEN AUSTRALIA EQTY FD I	COM	003011103	19,140	2,000	SH	DEFINED
ABERDEEN CHILE FD INC	COM	00301W105	49,950	3,530	SH	DEFINED
ABERDEEN GLOBAL INCOME FD IN	COM	003013109	12,709	1,020	SH	DEFINED
ABERDEEN ISRAEL FUND INC	COM	00301L109	14,000	1,000	SH	DEFINED
ABERDEEN ISRAEL FUND INC	COM	00301L109	4,130	295	SH	DEFINED
ABERDEEN LATIN AMER EQTY FD	COM	00306K106	7,934	272	SH	DEFINED
ABINGTON BANCORP INC	COM	00350L109	106,409	14,779	SH	SOLE
ABIOMED INC	COM	003654100	255,168	23,134	SH	SOLE
ABITIBIBOWATER INC	COM	003687209	2,925	195	SH	DEFINED
ABM INDUSTRIES INC	COM	000957100	819,046	42,972	SH	SOLE
ABOVENET INC	COM	00374N107	908,627	16,952	SH	SOLE
ABOVENET INC	COM	00374N107	61,908	1,155	SH	DEFINED
ABRAXAS PETROLEUM CORP	COM	003830106	158,664	60,100	SH	SOLE
ACACIA RESEARCH ACACIA T	COM	003881307	1,124,292	31,239	SH	SOLE
ACADIA PHARMACEUTICALS INC	COM	004225108	4,320	4,000	SH	DEFINED
ACADIA REALTY TRUST	COM	004239109	617,717	33,033	SH	SOLE
ACADIA RLTY TR	COM	004239109	44,693	2,390	SH	DEFINED
ACCELRY S INC	COM	00430U103	245,157	40,455	SH	SOLE
ACCELRY S INC	COM	00430U103	1,364	225	SH	DEFINED
ACCENTURE PLC CL A	COM	G1151C101	22,347,752	424,217	SH	SOLE
ACCENTURE PLC IRELAND	COM	G1151C101	10,536	200	SH	DEFINED
ACCENTURE PLC IRELAND	COM	G1151C101	25,919	492	SH	DEFINED
ACCENTURE PLC IRELAND	COM	G1151C101	12,380	235	SH	DEFINED
ACCO BRANDS CORP	COM	00081T108	192,145	40,282	SH	SOLE
ACCRETIVE HEALTH INC	COM	00438V103	620,383	29,222	SH	SOLE
ACCURAY INC	COM	004397105	200,767	49,942	SH	SOLE
ACCURIDE CORP	COM	00439T206	151,250	29,541	SH	SOLE
ACE LTD	COM	H0023R105	9,647,035	159,192	SH	SOLE
ACE LTD	COM	H0023R105	25,270	417	SH	DEFINED
ACETO CORP	COM	004446100	102,853	19,443	SH	SOLE
ACHILLION PHARMACEUTICALS	COM	00448Q201	163,510	34,642	SH	SOLE
ACI WORLDWIDE INC	COM	004498101	2,668,819	96,907	SH	SOLE
ACME PACKET INC	COM	004764106	291,614	6,847	SH	SOLE
ACME PACKET INC	COM	004764106	19,166	450	SH	DEFINED
ACME PACKET INC	COM	004764106	2,342	55	SH	DEFINED

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ACORDA THERAPEUTICS INC	COM	00484M106	575,287	28,822	SH	SOLE
ACTIVE NETWORK INC/THE	COM	00506D100	132,426	8,978	SH	SOLE
ACTIVE POWER INC	COM	00504W100	75,371	58,427	SH	SOLE
ACTIVISION BLIZZARD INC	COM	00507V109	3,980,288	334,478	SH	SOLE
ACTIVISION BLIZZARD INC	COM	00507V109	18,493	1,554	SH	DEFINED
ACTIVISION BLIZZARD INC	COM	00507V109	690	58	SH	DEFINED
ACTUANT CORP A	COM	00508X203	1,109,891	56,197	SH	SOLE
ACTUATE CORP	COM	00508B102	144,861	26,243	SH	SOLE
ACUITY BRANDS INC	COM	00508Y102	4,524,101	125,530	SH	SOLE

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
ACUITY BRANDS INC	COM	00508Y102	2,162	60	SH		DEFINED	
ACURA PHARMACEUTICALS INC	COM	00509L703	26,717	7,858	SH		SOLE	
ACXIOM CORP	COM	005125109	2,510,721	235,970	SH		SOLE	
ADECOAGRO S A	COM	L00849106	4,310	500	SH		DEFINED	
ADECOAGRO S A	COM	L00849106	17,240	2,000	SH		DEFINED	
ADMINISTRADORA FONDOS PENSIO	COM	00709P108	9,991	175	SH		DEFINED	
ADMINISTRADORA FONDOS PENSIO	COM	00709P108	5,709	100	SH		DEFINED	
ADOBE SYS INC	COM	00724F101	24,412	1,010	SH		DEFINED	
ADOBE SYS INC	COM	00724F901	2,110	10	SH	C	DEFINED	
ADOBE SYS INC	COM	00724F101	3,891	161	SH		DEFINED	
ADOBE SYS INC	COM	00724F101	8,097	335	SH		DEFINED	
ADOBE SYSTEMS INC	COM	00724F101	5,761,451	238,372	SH		SOLE	
ADTRAN INC	COM	00738A106	4,946,274	186,934	SH		SOLE	
ADVANCE AMERICA CASH ADVAN	COM	00739W107	296,144	40,237	SH		SOLE	
ADVANCE AUTO PARTS INC	COM	00751Y106	9,347,186	160,881	SH		SOLE	
ADVANCE AUTO PARTS INC	COM	00751Y106	29,050	500	SH		DEFINED	
ADVANCE AUTO PARTS INC	COM	00751Y106	10,168	175	SH		DEFINED	
ADVANCED ANALOGIC TECHNOLO	COM	00752J108	135,897	31,385	SH		SOLE	
ADVANCED BATTERY TECHNOLOG I	COM	00752H102	1,172	1,160	SH		DEFINED	
ADVANCED ENERGY INDUSTRIES	COM	007973100	307,631	35,688	SH		SOLE	
ADVANCED MICRO DEVICES	COM	007903107	1,385,143	272,666	SH		SOLE	
ADVANCED MICRO DEVICES INC	COM	007903107	8,636	1,700	SH		DEFINED	
ADVANCED MICRO DEVICES INC	COM	007903107	37,643	7,410	SH		DEFINED	
ADVANCED MICRO DEVICES INC	COM	007903107	19,528	3,844	SH		DEFINED	
ADVANCED MICRO DEVICES INC	COM	007903907	114	18	SH	C	DEFINED	
ADVANTAGE OIL & GAS LTD	COM	00765F101	26,180	7,000	SH		DEFINED	
ADVANTAGE OIL & GAS LTD	COM	00765F101	14,212	3,800	SH		DEFINED	
ADVENT CLAY GBL CONV SEC INC	COM	007639107	3,150	500	SH		DEFINED	
ADVENT CLAYMORE CV SECS & IN	COM	00764C109	28,940	2,000	SH		DEFINED	
ADVENT CLAYMORE ENH GRW & IN	COM	00765E104	19,163	2,101	SH		DEFINED	
ADVENT SOFTWARE INC	COM	007974108	1,988,444	95,369	SH		SOLE	
ADVISORSHARES TR	COM	00768Y800	282,542	11,807	SH		DEFINED	
ADVISORSHARES TR	COM	00768Y800	9,572	400	SH		DEFINED	
ADVISORY BOARD CO/THE	COM	00762W107	746,999	11,576	SH		SOLE	
AECOM TECHNOLOGY CORP	COM	00766T100	4,619,645	261,440	SH		SOLE	
AEGERION PHARMACEUTICALS I	COM	00767E102	84,572	6,675	SH		SOLE	
AEGON N V	COM	007924103	531	131	SH		DEFINED	
AEP INDUSTRIES INC	COM	001031103	77,811	3,505	SH		SOLE	
AERCAP HOLDINGS NV	COM	N00985106	13,888	1,400	SH		DEFINED	

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AEROFLEX HOLDING CORP	COM	007767106	131,868	14,491	SH	SOLE
AEROPOSTALE	COM	007865108	14,053	1,300	SH	DEFINED
AEROPOSTALE INC	COM	007865108	2,529,097	233,959	SH	SOLE
AEROVIRONMENT INC	COM	008073108	393,650	13,984	SH	SOLE
AES CORP	COM	00130H105	3,482,934	356,858	SH	SOLE
AES CORP	COM	00130H105	6,832	700	SH	DEFINED
AES TR III	COM	00808N202	29,442	600	SH	DEFINED
AES TR III	COM	00808N202	300,161	6,117	SH	DEFINED
AES TR III	COM	00808N202	29,442	600	SH	DEFINED
AETNA INC	COM	00817Y108	6,868,151	188,945	SH	SOLE
AETNA INC NEW	COM	00817Y108	10,902	300	SH	DEFINED
AETNA INC NEW	COM	00817Y108	28,090	773	SH	DEFINED
AETNA INC NEW	COM	00817Y108	7,268	200	SH	DEFINED
AFC ENTERPRISES	COM	00104Q107	213,934	18,084	SH	SOLE
AFFILIATED MANAGERS GROUP	COM	008252108	13,952,218	178,760	SH	SOLE
AFFYMAX INC	COM	00826A109	115,781	25,844	SH	SOLE
AFFYMETRIX INC	COM	00826T108	282,946	57,744	SH	SOLE
AFLAC INC	COM	001055102	4,908,553	140,445	SH	SOLE
AFLAC INC	COM	001055102	22,718	650	SH	DEFINED
AFLAC INC	COM	001055102	130,440	3,732	SH	DEFINED
AFLAC INC	COM	001055102	44,384	1,270	SH	DEFINED
AGCO CORP	COM	001084102	7,329,808	212,028	SH	SOLE
AGCO CORP	COM	001084102	3,734	108	SH	DEFINED
AGCO CORP	COM	001084102	15,280	442	SH	DEFINED
AGCO CORP	COM	001084102	6,914	200	SH	DEFINED
AGENUS INC	COM	00847G101	423	900	SH	DEFINED
AGFEED INDUSTRIES INC	COM	00846L101	364	700	SH	DEFINED
AGFEED INDUSTRIES INC	COM	00846L101	364	700	SH	DEFINED
AGIC CONV & INCOME FD	COM	001190107	307,648	37,066	SH	DEFINED
AGIC CONV & INCOME FD	COM	001190107	62,798	7,566	SH	DEFINED
AGIC CONV & INCOME FD II	COM	001191105	8	1	SH	DEFINED
AGIC CONV & INCOME FD II	COM	001191105	32,634	4,200	SH	DEFINED
AGIC INTL & PREM STRATEGY FD	COM	00119Q100	5,055	500	SH	DEFINED
AGILENT TECHNOLOGIES INC	COM	00846U101	11,626,813	372,058	SH	SOLE
AGILENT TECHNOLOGIES INC	COM	00846U101	12,500	400	SH	DEFINED
AGILENT TECHNOLOGIES INC	COM	00846U101	86,125	2,756	SH	DEFINED
AGILYSYS INC	COM	00847J105	102,914	14,434	SH	SOLE
AGILYSYS INC	COM	00847J105	2,674	375	SH	DEFINED
AGL RES INC	COM	001204106	114,072	2,800	SH	DEFINED
AGL RES INC	COM	001204106	112,442	2,760	SH	DEFINED
AGL RES INC	COM	001204106	32,388	795	SH	DEFINED
AGL RESOURCES INC	COM	001204106	7,029,443	172,544	SH	SOLE

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
AGNICO EAGLE MINES LTD	COM	008474108	2,333,184	39,200	SH		SOLE	
AGNICO EAGLE MINES LTD	COM	008474108	418,366	7,029	SH		DEFINED	
AGNICO EAGLE MINES LTD	COM	008474108	443,424	7,450	SH		DEFINED	
AGNICO EAGLE MINES LTD	COM	008474108	41,664	700	SH		DEFINED	
AGREE REALTY CORP	COM	008492100	156,794	7,199	SH		SOLE	
AGREE REALTY CORP	COM	008492100	6,534	300	SH		DEFINED	

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AGRIUM INC	COM	008916108	2,000	30	SH	DEFINED
AH BELO CORP A	COM	001282102	57,208	13,621	SH	SOLE
AIR LEASE CORP	COM	00912X302	18,547	966	SH	SOLE
AIR METHODS CORP	COM	009128307	590,539	9,275	SH	SOLE
AIR METHODS CORP	COM	009128307	5,412	85	SH	DEFINED
AIR PRODS & CHEMS INC	COM	009158106	1,833	24	SH	DEFINED
AIR PRODS & CHEMS INC	COM	009158106	20,009	262	SH	DEFINED
AIR PRODS & CHEMS INC	COM	009158106	300,098	3,930	SH	DEFINED
AIR PRODUCTS + CHEMICALS I	COM	009158106	8,717,101	114,143	SH	SOLE
AIR TRANSPORT SERVICES GRO	COM	00922R105	170,234	39,315	SH	SOLE
AIR TRANSPORT SERVICES GRP I	COM	00922R105	6,062	1,400	SH	DEFINED
AIRCASTLE LTD	COM	G0129K104	403,600	42,395	SH	SOLE
AIRGAS INC	COM	009363102	1,382,341	21,660	SH	SOLE
AIRGAS INC	COM	009363102	191	3	SH	DEFINED
AIRGAS INC	COM	009363102	8,616	135	SH	DEFINED
AK STEEL HOLDING CORP	COM	001547108	3,569,421	545,783	SH	SOLE
AK STL HLDG CORP	COM	001547108	45,126	6,900	SH	DEFINED
AK STL HLDG CORP	COM	001547108	9,810	1,500	SH	DEFINED
AKAMAI TECHNOLOGIES INC	COM	00971T101	1,598,292	80,397	SH	SOLE
AKAMAI TECHNOLOGIES INC	COM	00971T101	17,892	900	SH	DEFINED
AKAMAI TECHNOLOGIES INC	COM	00971T101	3,459	174	SH	DEFINED
AKAMAI TECHNOLOGIES INC	COM	00971T101	23,856	1,200	SH	DEFINED
AKORN INC	COM	009728106	319,827	40,951	SH	SOLE
AKORN INC	COM	009728106	105,838	13,569	SH	DEFINED
ALAMO GROUP INC	COM	011311107	101,393	4,877	SH	SOLE
ALASKA AIR GROUP INC	COM	011659109	5,863,617	104,168	SH	SOLE
ALASKA COMM SYSTEMS GROUP	COM	01167P101	216,421	32,991	SH	SOLE
ALASKA COMMUNICATIONS SYS GR	COM	01167P101	166,305	25,390	SH	DEFINED
ALBANY INTL CORP	CNV	012348AC2	1,943	2	PRN	DEFINED
ALBANY INTL CORP	COM	012348108	329	18	SH	DEFINED
ALBANY INTL CORP CL A	COM	012348108	414,038	22,687	SH	SOLE
ALBANY MOLECULAR RESEARCH	COM	012423109	45,326	16,073	SH	SOLE
ALBEMARLE CORP	COM	012653101	8,090,060	200,249	SH	SOLE
ALBEMARLE CORP	COM	012653101	8,363	207	SH	DEFINED
ALCATEL-LUCENT	COM	013904305	4,684	1,655	SH	DEFINED
ALCATEL-LUCENT	COM	013904305	9,079	3,208	SH	DEFINED
ALCATEL-LUCENT	COM	013904305	35,180	12,431	SH	DEFINED
ALCOA INC	COM	013817101	3,080,114	321,851	SH	SOLE
ALCOA INC	COM	013817101	109,194	11,410	SH	DEFINED
ALCOA INC	COM	013817101	338,619	35,383	SH	DEFINED
ALCOA INC	COM	013817101	199,728	20,870	SH	DEFINED
ALERE INC	COM	01449J105	46,688	2,376	SH	SOLE
ALEXANDER + BALDWIN INC	COM	014482103	3,344,541	91,556	SH	SOLE
ALEXANDER S INC	COM	014752109	541,169	1,499	SH	SOLE
ALEXANDRIA REAL ESTATE EQ IN	COM	015271109	1,289	21	SH	DEFINED
ALEXANDRIA REAL ESTATE EQU	COM	015271109	8,354,381	136,087	SH	SOLE
ALEXCO RESOURCE CORP	COM	01535P106	2,034	300	SH	DEFINED
ALEXION PHARMACEUTICALS IN	COM	015351109	12,139,178	189,497	SH	SOLE
ALEXION PHARMACEUTICALS INC	COM	015351109	19,218	300	SH	DEFINED
ALEXION PHARMACEUTICALS INC	COM	015351109	1,537	24	SH	DEFINED
ALICO INC	COM	016230104	50,789	2,586	SH	SOLE
ALIGN TECHNOLOGY INC	COM	016255101	771,410	50,851	SH	SOLE
ALIMERA SCIENCES INC	COM	016259103	65,568	8,196	SH	SOLE
ALLEGHANY CORP	COM	017175100	53,084	184	SH	SOLE
ALLEGHENY TECHNOLOGIES INC	COM	01741R102	1,723,290	46,588	SH	SOLE
ALLEGHENY TECHNOLOGIES INC	COM	01741R102	179,423	4,851	SH	DEFINED
ALLEGHENY TECHNOLOGIES INC	COM	01741R102	7,408	200	SH	DEFINED
ALLEGIAN TRAVEL CO	COM	01748X102	571,593	12,128	SH	SOLE
ALLERGAN INC	COM	018490102	13,630,430	165,458	SH	SOLE
ALLERGAN INC	COM	018490102	222,591	2,702	SH	DEFINED
ALLETE INC	COM	018522300	957,508	26,140	SH	SOLE
ALLETE INC	COM	018522300	842	23	SH	DEFINED

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ALLETE INC	COM	018522300	10,989	300	SH	DEFINED
ALLIANCE CALIF MUN INCOME FD	COM	018546101	112,586	8,297	SH	DEFINED
ALLIANCE DATA SYSTEMS CORP	COM	018581108	10,306,571	111,182	SH	SOLE
ALLIANCE FINANCIAL CORP	COM	019205103	97,221	3,466	SH	SOLE
ALLIANCE HEALTHCARE SERVIC	COM	018606202	20,381	17,878	SH	SOLE
ALLIANCE HOLDINGS GP LP	COM	01861G100	22,127	503	SH	DEFINED
ALLIANCE ONE INTERNATIONAL	COM	018772103	174,067	71,339	SH	SOLE
ALLIANCE ONE INTL INC	COM	018772103	1,220	500	SH	DEFINED
ALLIANCE RES PARTNER L P	COM	01877R108	126,084	1,923	SH	DEFINED
ALLIANCE RES PARTNER L P	COM	01877R108	29,371	448	SH	DEFINED
ALLIANCE RES PARTNER L P	COM	01877R108	229,460	3,500	SH	DEFINED
ALLIANCEBERNSTEIN GBL HGH IN	COM	01879R106	140,790	10,830	SH	DEFINED
ALLIANCEBERNSTEIN GBL HGH IN	COM	01879R106	161,538	12,426	SH	DEFINED

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT OR DISCRETION M
ALLIANCEBERNSTEIN HOLDING LP	COM	01881G106	95,969	7,031	SH		DEFINED
ALLIANCEBERNSTEIN INCOME FUN	COM	01881E101	3,834	481	SH		DEFINED
ALLIANCEBERNSTEIN INCOME FUN	COM	01881E101	1,395,852	175,138	SH		DEFINED
ALLIANCEBERNSTEIN INCOME FUN	COM	01881E101	204,829	25,700	SH		DEFINED
ALLIANCEBERNSTEIN NATL MUNI	COM	01864U106	579,998	40,874	SH		DEFINED
ALLIANT ENERGY CORP	COM	018802108	9,432,002	243,847	SH		SOLE
ALLIANT ENERGY CORP	COM	018802108	155	4	SH		DEFINED
ALLIANT ENERGY CORP	COM	018802108	9,683	250	SH		DEFINED
ALLIANT TECHSYSTEMS INC	COM	018804104	3,941,237	72,303	SH		SOLE
ALLIANT TECHSYSTEMS INC	COM	018804104	5,942	109	SH		DEFINED
ALLIED MOTION TECHNOLOGIES I	COM	019330109	44,640	9,000	SH		DEFINED
ALLIED NEVADA GOLD CORP	COM	019344100	50,600	1,413	SH		SOLE
ALLIED NEVADA GOLD CORP	COM	019344100	1,289	36	SH		DEFINED
ALLIED WORLD ASSURANCE CO	COM	H01531104	56,610	1,054	SH		SOLE
ALLIED WRLD ASSUR COM HLDG A	COM	H01531104	2,148	40	SH		DEFINED
ALLOS THERAPEUTICS INC	COM	019777101	105,885	57,546	SH		SOLE
ALLOS THERAPEUTICS INC	COM	019777101	92	50	SH		DEFINED
ALLSCRIPTS HEALTHCARE SOLU	COM	01988P108	7,398,147	410,552	SH		SOLE
ALLSCRIPTS HEALTHCARE SOLUTN	COM	01988P108	17,119	950	SH		DEFINED
ALLSCRIPTS HEALTHCARE SOLUTN	COM	01988P108	18,020	1,000	SH		DEFINED
ALLSTATE CORP	COM	020002101	3,701,397	156,243	SH		SOLE
ALLSTATE CORP	COM	020002101	40,415	1,706	SH		DEFINED
ALLSTATE CORP	COM	020002101	30,465	1,286	SH		DEFINED
ALLSTATE CORP	COM	020002101	110,538	4,666	SH		DEFINED
ALMOST FAMILY INC	COM	020409108	112,053	6,738	SH		SOLE
ALNYLAM PHARMACEUTICALS IN	COM	02043Q107	176,634	26,885	SH		SOLE
ALNYLAM PHARMACEUTICALS INC	COM	02043Q107	8,245	1,255	SH		DEFINED
ALON USA ENERGY INC	COM	020520102	50,756	8,280	SH		SOLE
ALPHA + OMEGA SEMICONDUCTO	COM	G6331P104	88,102	10,731	SH		SOLE
ALPHA NATURAL RESOURCES IN	COM	02076X102	1,806,768	102,135	SH		SOLE
ALPHA NATURAL RESOURCES INC	COM	02076X102	1,769	100	SH		DEFINED
ALPHA NATURAL RESOURCES INC	COM	02076X102	101,417	5,733	SH		DEFINED
ALPHATEC HOLDINGS INC	COM	02081G102	83,098	39,383	SH		SOLE
ALPINE GLOBAL DYNAMIC DIVD F	COM	02082E106	3,210	600	SH		DEFINED
ALPINE GLOBAL PREMIER PPTYS	COM	02083A103	3,610	676	SH		DEFINED

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ALPINE GLOBAL PREMIER PPTYS	COM	02083A103	30,630	5,736	SH	DEFINED
ALPINE TOTAL DYNAMIC DIVID F	COM	021060108	36,367	8,064	SH	DEFINED
ALPINE TOTAL DYNAMIC DIVID F	COM	021060108	4,623	1,025	SH	DEFINED
ALPS ETF TR	COM	00162Q866	54,338	3,565	SH	DEFINED
ALPS ETF TR	COM	00162Q866	100,584	6,600	SH	DEFINED
ALPS ETF TR	COM	00162Q106	6,089	200	SH	DEFINED
ALPS ETF TR	COM	00162Q205	19,413	600	SH	DEFINED
ALPS ETF TR	COM	00162Q866	571,759	37,517	SH	DEFINED
ALTAIR NANOTECHNOLOGIES INC	COM	021373204	101	75	SH	DEFINED
ALTERA CORP	COM	021441100	4,585,219	145,424	SH	SOLE
ALTERA CORP	COM	021441100	1,482	47	SH	DEFINED
ALTERA CORP	COM	021441100	11,981	380	SH	DEFINED
ALTERA CORP	COM	021441100	2,207	70	SH	DEFINED
ALTERRA CAPITAL HOLDINGS L	COM	G0229R108	1,257,180	66,272	SH	SOLE
ALTRA HOLDINGS INC	COM	02208R106	227,027	19,622	SH	SOLE
ALTRIA GROUP INC	COM	02209S103	53,077,553	1,979,767	SH	SOLE
ALTRIA GROUP INC	COM	02209S103	1,247,887	46,546	SH	DEFINED
ALTRIA GROUP INC	COM	02209S103	2,268,236	84,604	SH	DEFINED
ALTRIA GROUP INC	COM	02209S103	1,503,425	56,077	SH	DEFINED
ALZA CORP	CNV	02261WAB5	899	1	PRN	DEFINED
ALZA CORP	CNV	02261WAB5	1,798	2	PRN	DEFINED
AMAG PHARMACEUTICALS INC	COM	00163U106	228,116	15,455	SH	SOLE
AMAZON COM INC	COM	023135106	246,502	1,140	SH	DEFINED
AMAZON COM INC	COM	023135956	3,670	2	SH P	DEFINED
AMAZON COM INC	COM	023135106	328,021	1,517	SH	DEFINED
AMAZON COM INC	COM	023135106	199,364	922	SH	DEFINED
AMAZON.COM INC	COM	023135106	49,916,696	230,850	SH	SOLE
AMBASSADORS GROUP INC	COM	023177108	74,077	12,928	SH	SOLE
AMBIENT CORP	COM	02318N201	1,900	250	SH	DEFINED
AMC NETWORKS INC	COM	00164V103	735	23	SH	DEFINED
AMC NETWORKS INC A	COM	00164V103	3,991,545	124,931	SH	SOLE
AMCOL INTERNATIONAL CORP	COM	02341W103	480,160	20,015	SH	SOLE
AMDOCS LTD	COM	G02602103	153,825	5,672	SH	SOLE
AMDOCS LTD	COM	G02602103	9,817	362	SH	DEFINED
AMEDISYS INC	COM	023436108	357,547	24,126	SH	SOLE
AMEDISYS INC	COM	023436108	593	40	SH	DEFINED
AMEDISYS INC	COM	023436108	7,410	500	SH	DEFINED
AMEDISYS INC	COM	023436108	21,459	1,448	SH	DEFINED
AMERCO	COM	023586100	395,309	6,330	SH	SOLE
AMEREN CORP	COM	023608102	12,406	417	SH	DEFINED
AMEREN CORP	COM	023608102	335,558	11,272	SH	DEFINED
AMEREN CORP	COM	023608102	16,165	543	SH	DEFINED
AMEREN CORPORATION	COM	023608102	4,231,448	142,138	SH	SOLE
AMERESCO INC CL A	COM	02361E108	131,084	12,902	SH	SOLE
AMERICA FIRST TAX EX IVS L P	COM	02364V107	1,551	300	SH	DEFINED
AMERICA MOVIL SAB DE CV	COM	02364W105	81,961	3,712	SH	DEFINED

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
AMERICA MOVIL SAB DE CV	COM	02364W105	42,570	1,928	SH		DEFINED	
AMERICA MOVIL SAB DE CV	COM	02364W105	69,668	3,155	SH		DEFINED	

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AMERICA S CAR MART INC	COM	03062T105	194,463	6,701	SH	SOLE
AMERICAN ASSETS TRUST INC	COM	024013104	422,381	23,531	SH	SOLE
AMERICAN AXLE & MFG HLDGS IN	COM	024061103	22,890	3,000	SH	DEFINED
AMERICAN AXLE + MFG HOLDIN	COM	024061103	372,085	48,766	SH	SOLE
AMERICAN CAMPUS CMNTYS INC	COM	024835100	11,163	300	SH	DEFINED
AMERICAN CAMPUS COMMUNITIE	COM	024835100	7,453,312	200,304	SH	SOLE
AMERICAN CAP LTD	COM	02503Y103	41,788	6,127	SH	DEFINED
AMERICAN CAP LTD	COM	02503Y103	37,120	5,443	SH	DEFINED
AMERICAN CAP LTD	COM	02503Y103	4,440	651	SH	DEFINED
AMERICAN CAPITAL AGENCY CO	COM	02503X105	144,362	5,327	SH	SOLE
AMERICAN CAPITAL AGENCY CORP	COM	02503X105	169,538	6,256	SH	DEFINED
AMERICAN CAPITAL AGENCY CORP	COM	02503X105	87,804	3,240	SH	DEFINED
AMERICAN CAPITAL AGENCY CORP	COM	02503X105	7,046	260	SH	DEFINED
AMERICAN CAPITAL LTD	COM	02503Y103	66,829	9,799	SH	SOLE
AMERICAN DENTAL PARTNERS I	COM	025353103	108,849	11,268	SH	SOLE
AMERICAN EAGLE OUTFITTERS	COM	02553E106	5,024,927	428,748	SH	SOLE
AMERICAN EAGLE OUTFITTERS NE	COM	02553E106	1,172	100	SH	DEFINED
AMERICAN ELEC PWR INC	COM	025537101	182,478	4,800	SH	DEFINED
AMERICAN ELEC PWR INC	COM	025537101	934,282	24,573	SH	DEFINED
AMERICAN ELEC PWR INC	COM	025537101	109,688	2,885	SH	DEFINED
AMERICAN ELECTRIC POWER	COM	025537101	7,034,232	185,014	SH	SOLE
AMERICAN EQUITY INVT LIFE	COM	025676206	380,240	43,456	SH	SOLE
AMERICAN EXPRESS CO	COM	025816109	25,029,460	557,449	SH	SOLE
AMERICAN EXPRESS CO	COM	025816109	64,387	1,434	SH	DEFINED
AMERICAN EXPRESS CO	COM	025816109	149,713	3,334	SH	DEFINED
AMERICAN EXPRESS CO	COM	025816109	50,513	1,125	SH	DEFINED
AMERICAN FINANCIAL GROUP I	COM	025932104	5,358,736	172,473	SH	SOLE
AMERICAN GREETINGS CORP	COM	026375105	2,313	125	SH	DEFINED
AMERICAN GREETINGS CORP CL	COM	026375105	2,177,894	117,724	SH	SOLE
AMERICAN INCOME FD INC	COM	02672T109	884,087	119,860	SH	DEFINED
AMERICAN INTERNATIONAL GRO	COM	026874784	2,899,244	132,084	SH	SOLE
AMERICAN INTL GROUP INC	COM	026874784	9,965	454	SH	DEFINED
AMERICAN INTL GROUP INC	COM	026874156	1,267	207	SH	DEFINED
AMERICAN INTL GROUP INC	COM	026874784	52,373	2,386	SH	DEFINED
AMERICAN INTL GROUP INC	COM	026874156	1,756	287	SH	DEFINED
AMERICAN INTL GROUP INC	COM	026874784	5,202	237	SH	DEFINED
AMERICAN INTL GROUP INC	COM	026874156	1,836	300	SH	DEFINED
AMERICAN LORAIN CORP	COM	027297100	2,119	1,300	SH	DEFINED
AMERICAN NATIONAL INSURANC	COM	028591105	13,227	191	SH	SOLE
AMERICAN PUBLIC EDUCATION	COM	02913V103	497,930	14,645	SH	SOLE
AMERICAN RAILCAR INDUSTRIE	COM	02916P103	109,367	7,111	SH	SOLE
AMERICAN REPROGRAPHICS CO	COM	029263100	90,891	27,051	SH	SOLE
AMERICAN SCIENCE & ENGR INC	COM	029429107	18,010	295	SH	DEFINED
AMERICAN SCIENCE + ENGINEE	COM	029429107	454,823	7,450	SH	SOLE
AMERICAN SELECT PORTFOLIO IN	COM	029570108	14,445	1,477	SH	DEFINED
AMERICAN SOFTWARE INC CL A	COM	029683109	120,292	16,592	SH	SOLE
AMERICAN STATES WATER CO	COM	029899101	518,756	15,289	SH	SOLE
AMERICAN STS WTR CO	COM	029899101	1,663	49	SH	DEFINED
AMERICAN SUPERCONDUCTOR CO	COM	030111108	128,216	32,625	SH	SOLE
AMERICAN SUPERCONDUCTOR CORP	COM	030111108	9,432	2,400	SH	DEFINED
AMERICAN SUPERCONDUCTOR CORP	COM	030111108	37,280	9,486	SH	DEFINED
AMERICAN TOWER CORP	COM	029912201	37,660	700	SH	DEFINED
AMERICAN TOWER CORP	COM	029912201	211,219	3,926	SH	DEFINED
AMERICAN TOWER CORP	COM	029912201	83,928	1,560	SH	DEFINED
AMERICAN TOWER CORP CL A	COM	029912201	9,481,766	176,241	SH	SOLE
AMERICAN VANGUARD CORP	COM	030371108	205,110	18,379	SH	SOLE
AMERICAN WATER WORKS CO IN	COM	030420103	157,419	5,216	SH	SOLE
AMERICAN WOODMARK CORP	COM	030506109	82,978	6,852	SH	SOLE
AMERICAN WTR WKS CO INC NEW	COM	030420103	7,304	242	SH	DEFINED
AMERICAN WTR WKS CO INC NEW	COM	030420103	6,083	202	SH	DEFINED
AMERIGAS PARTNERS L P	COM	030975106	77,889	1,771	SH	DEFINED
AMERIGAS PARTNERS L P	COM	030975106	184,758	4,200	SH	DEFINED

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AMERIGAS PARTNERS L P	COM	030975106	18,168	413	SH	DEFINED
AMERIGON INC	COM	03070L300	206,773	16,243	SH	SOLE
AMERIGROUP CORP	COM	03073T102	4,751,379	121,799	SH	SOLE
AMERIPRISE FINANCIAL INC	COM	03076C106	4,151,890	105,485	SH	SOLE
AMERIPRISE FINL INC	COM	03076C106	787	20	SH	DEFINED
AMERIPRISE FINL INC	COM	03076C106	5,757	146	SH	DEFINED
AMERIPRISE FINL INC	COM	03076C106	4,054	103	SH	DEFINED
AMERIS BANCORP	COM	03076K108	151,188	17,358	SH	SOLE
AMERISAFE INC	COM	03071H100	277,476	15,072	SH	SOLE
AMERISOURCEBERGEN CORP	COM	03073E105	3,529,544	94,702	SH	SOLE
AMERISOURCEBERGEN CORP	COM	03073E105	9,318	250	SH	DEFINED
AMERISOURCEBERGEN CORP	COM	03073E105	3,727	100	SH	DEFINED
AMERISOURCEBERGEN CORP	COM	03073E105	3,839	103	SH	DEFINED
AMERISTAR CASINOS INC	COM	03070Q101	377,721	23,534	SH	SOLE
AMERON INTERNATIONAL CORP	COM	030710107	1,638,747	19,293	SH	SOLE
AMERON INTL INC	COM	030710107	12,061	142	SH	DEFINED
AMES NATIONAL CORP	COM	031001100	94,655	6,056	SH	SOLE

13F SECURITIES - 3Q 2011

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
AMETEK INC	COM	031100100	11,620,112	352,445	SH		SOLE	
AMETEK INC NEW	COM	031100100	23,080	700	SH		DEFINED	
AMETEK INC NEW	COM	031100100	5,440	165	SH		DEFINED	
AMGEN INC	COM	031162100	31,838,030	579,400	SH		SOLE	
AMGEN INC	COM	031162100	115,086	2,094	SH		DEFINED	
AMGEN INC	COM	031162100	389,092	7,080	SH		DEFINED	
AMGEN INC	COM	031162100	21,984	400	SH		DEFINED	
AMICUS THERAPEUTICS INC	COM	03152W109	44,237	11,520	SH		SOLE	
AMKOR TECHNOLOGY INC	COM	031652100	336,636	77,210	SH		SOLE	
AMN HEALTHCARE SERVICES IN	COM	001744101	130,317	32,498	SH		SOLE	
AMPCO PITTSBURGH CORP	COM	032037103	127,281	6,224	SH		SOLE	
AMPHENOL CORP CL A	COM	032095101	2,488,234	61,031	SH		SOLE	
AMPHENOL CORP NEW	COM	032095101	45,051	1,105	SH		DEFINED	
AMPHENOL CORP NEW	COM	032095101	3,058	75	SH		DEFINED	
AMPIO PHARMACEUTICALS INC	COM	03209T109	96,279	14,478	SH		SOLE	
AMR CORP	COM	001765106	21,214	7,167	SH		SOLE	
AMR CORP	COM	001765106	2,664	900	SH		DEFINED	
AMR CORP	COM	001765106	296	100	SH		DEFINED	
AMR CORP	COM	001765106	29,156	9,850	SH		DEFINED	
AMSURG CORP	COM	03232P405	576,270	25,612	SH		SOLE	
AMTECH SYSTEMS INC	COM	032332504	55,944	6,993	SH		SOLE	
AMTRUST FINANCIAL SERVICES	COM	032359309	391,754	17,599	SH		SOLE	
AMYLIN PHARMACEUTICALS INC	COM	032346108	16,254	1,761	SH		SOLE	
AMYRIS INC	COM	03236M101	260,752	12,883	SH		SOLE	
AMYRIS INC	COM	03236M101	6,075	300	SH		DEFINED	
ANACOR PHARMACEUTICALS INC	COM	032420101	45,252	7,939	SH		SOLE	
ANADARKO PETE CORP	COM	032511107	170,550	2,705	SH		DEFINED	
ANADARKO PETE CORP	COM	032511107	166,263	2,637	SH		DEFINED	
ANADARKO PETE CORP	COM	032511107	8,007	127	SH		DEFINED	
ANADARKO PETROLEUM CORP	COM	032511107	15,685,516	248,779	SH		SOLE	
ANADIGICS INC	COM	032515108	106,384	49,252	SH		SOLE	

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ANALOG DEVICES INC	COM	032654105	3,952,781	126,489	SH	SOLE
ANALOGIC CORP	COM	032657207	466,769	10,279	SH	SOLE
ANALOGIC CORP	COM	032657207	1,362	30	SH	DEFINED
ANAREN INC	COM	032744104	211,435	11,041	SH	SOLE
ANCESTRY COM INC	COM	032803108	9,400	400	SH	DEFINED
ANCESTRY.COM INC	COM	032803108	543,508	23,128	SH	SOLE
ANDERSONS INC	COM	034164103	100,890	3,000	SH	DEFINED
ANDERSONS INC/THE	COM	034164103	512,877	15,237	SH	SOLE
ANGIODYNAMICS INC	COM	03475V101	239,700	18,242	SH	SOLE
ANGLOGOLD ASHANTI LTD	COM	035128206	10,671	258	SH	DEFINED
ANHEUSER BUSCH INBEV SA/NV	COM	03524A108	848	16	SH	DEFINED
ANHEUSER BUSCH INBEV SA/NV	COM	03524A108	9,272	175	SH	DEFINED
ANIXTER INTERNATIONAL INC	COM	035290105	1,127,886	23,775	SH	SOLE
ANIXTER INTL INC	COM	035290105	8,207	173	SH	DEFINED
ANN INC	COM	035623107	8,163,450	357,419	SH	SOLE
ANNALY CAP MGMT INC	COM	035710409	1,073,486	64,551	SH	DEFINED
ANNALY CAP MGMT INC	COM	035710409	2,423,469	145,729	SH	DEFINED
ANNALY CAP MGMT INC	COM	035710409	1,132,982	68,129	SH	DEFINED
ANNALY CAPITAL MANAGEMENT	COM	035710409	449,692	27,041	SH	SOLE
ANSYS INC	COM	03662Q105	9,872,439	201,314	SH	SOLE
ANSYS INC	COM	03662Q105	2,305	47	SH	DEFINED
ANTARES PHARMA INC	COM	036642106	148,591	64,048	SH	SOLE
ANTARES PHARMA INC	COM	036642106	4,640	2,000	SH	DEFINED
ANTHERA PHARMACEUTICALS IN	COM	03674U102	73,344	15,376	SH	SOLE
ANWORTH MORTGAGE ASSET COR	COM	037347101	628,442	92,418	SH	SOLE
ANWORTH MORTGAGE ASSET CP	COM	037347101	2,380	350	SH	DEFINED
ANWORTH MORTGAGE ASSET CP	COM	037347101	22,447	3,301	SH	DEFINED
AOL INC	COM	00184X105	2,818,452	234,871	SH	SOLE
AOL INC	COM	00184X105	684	57	SH	DEFINED
AOL INC	COM	00184X105	528	44	SH	DEFINED
AOL INC	COM	00184X105	1,080	90	SH	DEFINED
AON CORP	COM	037389103	5,960,992	141,996	SH	SOLE
AON CORP	COM	037389103	5,910	141	SH	DEFINED
AON CORP	COM	037389103	2,015	48	SH	DEFINED
APAC CUSTOMER SERVICES INC	COM	00185E106	196,011	23,006	SH	SOLE
APACHE CORP	COM	037411105	19,248,533	239,887	SH	SOLE
APACHE CORP	COM	037411105	42,126	525	SH	DEFINED
APACHE CORP	COM	037411105	161,583	2,014	SH	DEFINED
APACHE CORP	COM	037411808	71,945	1,406	SH	DEFINED
APACHE CORP	COM	037411105	38,368	478	SH	DEFINED
APARTMENT INVT + MGMT CO	COM	03748R101	851,797	38,508	SH	SOLE
APCO OIL AND GAS INTL INC	COM	G0471F109	496,009	6,665	SH	SOLE
APOGEE ENTERPRISES INC	COM	037598109	197,613	23,005	SH	SOLE
APOGEE ENTERPRISES INC	COM	037598109	70,268	8,180	SH	DEFINED
APOLLO COMMERCIAL REAL EST	COM	03762U105	197,774	15,017	SH	SOLE
APOLLO GROUP INC	COM	037604105	9,110	230	SH	DEFINED
APOLLO GROUP INC	COM	037604105	190,128	4,800	SH	DEFINED
APOLLO GROUP INC CL A	COM	037604105	1,809,226	45,676	SH	SOLE
APOLLO INVESTMENT CORP	COM	03761U106	4,277,323	568,793	SH	SOLE
APOLLO INVT CORP	COM	03761U106	38,327	5,100	SH	DEFINED

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT OF DISCRETION M
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APOLLO INVT CORP	COM	03761U106	1,588,671	211,400	SH	DEFINED
APOLLO INVT CORP	COM	03761U106	5,546	738	SH	DEFINED
APPLE INC	COM	037833100	194,746,768	510,905	SH	SOLE
APPLE INC	COM	037833100	3,331,212	8,736	SH	DEFINED
APPLE INC	COM	037833900	3,510	3	SH C	DEFINED
APPLE INC	COM	037833100	8,151,096	21,376	SH	DEFINED
APPLE INC	COM	037833100	5,889,106	15,444	SH	DEFINED
APPLIED ENERGETICS INC	COM	03819M106	73	350	SH	DEFINED
APPLIED INDUSTRIAL TECH IN	COM	03820C105	943,321	34,732	SH	SOLE
APPLIED MATERIALS INC	COM	038222105	6,468,388	624,965	SH	SOLE
APPLIED MATLS INC	COM	038222105	85,574	8,264	SH	DEFINED
APPLIED MATLS INC	COM	038222105	138,478	13,373	SH	DEFINED
APPLIED MATLS INC	COM	038222105	28,171	2,721	SH	DEFINED
APPLIED MICRO CIRCUITS COR	COM	03822W406	248,513	46,278	SH	SOLE
APPROACH RESOURCES INC	COM	03834A103	313,466	18,450	SH	SOLE
APTARGROUP INC	COM	038336103	6,557,154	146,791	SH	SOLE
AQUA AMERICA INC	COM	03836W103	6,560,451	304,147	SH	SOLE
AQUA AMERICA INC	COM	03836W103	162,616	7,539	SH	DEFINED
AQUA AMERICA INC	COM	03836W103	104,980	4,867	SH	DEFINED
ARABIAN AMERN DEV CO	COM	038465100	10,979	3,297	SH	DEFINED
ARBITRON INC	COM	03875Q108	735,534	22,235	SH	SOLE
ARBOR RLTY TR INC	COM	038923108	2,646	700	SH	DEFINED
ARCELORMITTAL SA LUXEMBOURG	COM	03938L104	4,773	300	SH	DEFINED
ARCH CAP GROUP LTD	COM	G0450A105	3,921	120	SH	DEFINED
ARCH CAPITAL GROUP LTD	COM	G0450A105	130,373	3,990	SH	SOLE
ARCH CHEMICALS INC	COM	03937R102	889,509	18,958	SH	SOLE
ARCH COAL INC	COM	039380100	6,824,111	468,046	SH	SOLE
ARCH COAL INC	COM	039380100	199,804	13,704	SH	DEFINED
ARCH COAL INC	COM	039380100	8,748	600	SH	DEFINED
ARCHER DANIELS MIDLAND CO	COM	039483102	5,069,948	204,351	SH	SOLE
ARCHER DANIELS MIDLAND CO	COM	039483102	7,443	300	SH	DEFINED
ARCHER DANIELS MIDLAND CO	COM	039483102	197,041	7,942	SH	DEFINED
ARCHER DANIELS MIDLAND CO	COM	039483102	94,269	3,800	SH	DEFINED
ARCHIPELAGO LEARNING INC	COM	03956P102	80,128	9,539	SH	SOLE
ARCOS DORADOS HOLDINGS INC	COM	G0457F907	1,150	5	SH C	DEFINED
ARCOS DORADOS HOLDINGS INC	COM	G0457F107	40,861	1,762	SH	DEFINED
ARCTIC CAT INC	COM	039670104	144,089	9,944	SH	SOLE
ARDEA BIOSCIENCES INC	COM	03969P107	191,361	12,251	SH	SOLE
ARDEN GROUP INC A	COM	039762109	65,985	830	SH	SOLE
ARENA PHARMACEUTICALS INC	COM	040047102	154,511	106,559	SH	SOLE
ARENA PHARMACEUTICALS INC	COM	040047102	268,589	186,520	SH	DEFINED
ARENA PHARMACEUTICALS INC	COM	040047102	4,248	2,950	SH	DEFINED
ARES CAP CORP	COM	04010L103	107,819	7,830	SH	DEFINED
ARES CAP CORP	COM	04010L103	196,250	14,252	SH	DEFINED
ARES CAP CORP	COM	04010L103	115,393	8,380	SH	DEFINED
ARES CAPITAL CORP	COM	04010L103	89,092	6,470	SH	SOLE
ARGAN INC	COM	04010E109	58,555	5,752	SH	SOLE
ARGO GROUP INTERNATIONAL	COM	G0464B107	568,677	20,045	SH	SOLE
ARIAD PHARMACEUTICALS INC	COM	04033A100	847,418	96,407	SH	SOLE
ARIBA INC	COM	04033V203	5,806,935	209,561	SH	SOLE
ARIBA INC	COM	04033V203	27,710	1,000	SH	DEFINED
ARIBA INC	COM	04033V203	443	16	SH	DEFINED
ARKANSAS BEST CORP	COM	040790107	336,340	20,826	SH	SOLE
ARLINGTON ASSET INVESTMENT	COM	041356205	113,011	4,699	SH	SOLE
ARM HLDGS PLC	COM	042068106	1,785	70	SH	DEFINED
ARM HLDGS PLC	COM	042068106	404,175	15,850	SH	DEFINED
ARM HLDGS PLC	COM	042068106	74,205	2,910	SH	DEFINED
ARMOUR RESIDENTIAL REIT IN	COM	042315101	380,270	55,922	SH	SOLE
ARMOUR RESIDENTIAL REIT INC	COM	042315101	1,360	200	SH	DEFINED
ARMOUR RESIDENTIAL REIT INC	COM	042315101	1,360	200	SH	DEFINED

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ARMOUR RESIDENTIAL REIT INC	COM	042315101	6,800	1,000	SH	DEFINED
ARMSTRONG WORLD INDS INC NEW	COM	04247X102	86,100	2,500	SH	DEFINED
ARMSTRONG WORLD INDUSTRIES	COM	04247X102	19,183	557	SH	SOLE
AROTECH CORP	COM	042682203	107	71	SH	DEFINED
ARQLE INC	COM	04269E107	220,983	43,759	SH	SOLE
ARRAY BIOPHARMA INC	COM	04269X105	81,628	41,647	SH	SOLE
ARRAY BIOPHARMA INC	COM	04269X105	341	175	SH	DEFINED
ARRIS GROUP INC	COM	04269Q100	1,040,290	100,999	SH	SOLE
ARROW ELECTRONICS INC	COM	042735100	7,013,255	252,457	SH	SOLE
ARROW ELECTRS INC	COM	042735100	374,085	13,466	SH	DEFINED
ARROW FINANCIAL CORP	COM	042744102	164,731	7,404	SH	SOLE
ARTESIAN RESOURCES CORP CL	COM	043113208	83,155	4,749	SH	SOLE
ARTHROCARE CORP	COM	043136100	573,904	19,948	SH	SOLE
ARTHUR J GALLAGHER + CO	COM	363576109	6,505,384	247,353	SH	SOLE
ARTIO GLOBAL INVESTORS INC	COM	04315B107	181,870	22,848	SH	SOLE
ARTS WAY MFG INC	COM	043168103	1,151	204	SH	DEFINED
ARUBA NETWORKS INC	COM	043176106	1,828,161	87,430	SH	SOLE
ARUBA NETWORKS INC	COM	043176106	73,520	3,516	SH	DEFINED
ARUBA NETWORKS INC	COM	043176106	25,092	1,200	SH	DEFINED
ASA GOLD AND PRECIOUS MTLs L	COM	G3156P103	4,858	180	SH	DEFINED
ASBURY AUTOMOTIVE GROUP	COM	043436104	351,583	21,321	SH	SOLE

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
ASCENA RETAIL GROUP INC	COM	04351G101	5,272,586	194,776	SH		SOLE	
ASCENA RETAIL GROUP INC	COM	04351G101	18,056	667	SH		DEFINED	
ASCENT CAP GROUP INC	COM	043632108	275	7	SH		DEFINED	
ASCENT CAPITAL GROUP INC	COM	043632108	413,489	10,516	SH		SOLE	
ASHFORD HOSPITALITY TR INC	COM	044103109	10,530	1,500	SH		DEFINED	
ASHFORD HOSPITALITY TRUST	COM	044103109	267,595	38,119	SH		SOLE	
ASHLAND INC	COM	044209104	8,144,404	184,513	SH		SOLE	
ASHLAND INC NEW	COM	044209104	4,414	100	SH		DEFINED	
ASPEN INSURANCE HOLDINGS L	COM	G05384105	3,581,960	155,467	SH		SOLE	
ASPEN INSURANCE HOLDINGS LTD	COM	G05384105	5,117	222	SH		DEFINED	
ASPEN TECHNOLOGY INC	COM	045327103	8,769,500	574,296	SH		SOLE	
ASSISTED LIVING CONCEPTS I	COM	04544X300	180,801	14,270	SH		SOLE	
ASSOCIATED BANC CORP	COM	045487105	3,539,729	380,616	SH		SOLE	
ASSOCIATED ESTATES REALTY	COM	045604105	468,082	30,277	SH		SOLE	
ASSOCIATED ESTATES RLTY CORP	COM	045604105	98,758	6,388	SH		DEFINED	
ASSURANT INC	COM	04621X108	1,128,165	31,513	SH		SOLE	
ASSURED GUARANTY LTD	COM	G0585R106	56,467	5,138	SH		SOLE	
ASSURED GUARANTY LTD	COM	G0585R106	36,937	3,361	SH		DEFINED	
ASTEC INDUSTRIES INC	COM	046224101	478,289	16,335	SH		SOLE	
ASTEX PHARMACEUTICALS	COM	04624B103	79,077	41,186	SH		SOLE	
ASTORIA FINANCIAL CORP	COM	046265104	1,884,980	245,121	SH		SOLE	
ASTRAZENECA PLC	COM	046353108	147,578	3,327	SH		DEFINED	
ASTRAZENECA PLC	COM	046353108	5,101	115	SH		DEFINED	
ASTRONICS CORP	COM	046433108	192,806	6,825	SH		SOLE	
ASTRONICS CORP	COM	046433108	37,968	1,344	SH		DEFINED	
ASTROTECH CORP	COM	046484101	2,440	4,000	SH		DEFINED	
AT CROSS CO CL A	COM	227478104	78,858	6,991	SH		SOLE	

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AT&T INC	COM	00206R102	2,256,098	79,106	SH	DEFINED
AT&T INC	COM	00206R102	5,184,933	181,800	SH	DEFINED
AT&T INC	COM	00206R102	2,229,462	78,172	SH	DEFINED
AT+T INC	COM	00206R102	89,871,482	3,151,174	SH	SOLE
ATA INC	COM	00211V106	18,000	2,000	SH	DEFINED
ATHENAHEALTH INC	COM	04685W103	1,516,679	25,469	SH	SOLE
ATHENAHEALTH INC	COM	04685W103	14,888	250	SH	DEFINED
ATHENAHEALTH INC	COM	04685W103	177,102	2,974	SH	DEFINED
ATLANTIC AMERN CORP	COM	048209100	352	185	SH	DEFINED
ATLANTIC POWER CORP	COM	04878Q863	710,280	50,055	SH	SOLE
ATLANTIC PWR CORP	COM	04878Q863	403,706	28,450	SH	DEFINED
ATLANTIC PWR CORP	COM	04878Q863	1,475,760	104,000	SH	DEFINED
ATLANTIC PWR CORP	COM	04878Q863	133,239	9,390	SH	DEFINED
ATLANTIC TELE NETWORK INC	COM	049079205	252,124	7,668	SH	SOLE
ATLAS AIR WORLDWIDE HOLDIN	COM	049164205	3,260,090	97,930	SH	SOLE
ATLAS ENERGY LP	COM	04930A104	120,705	6,500	SH	DEFINED
ATLAS ENERGY LP	COM	04930A104	11,235	605	SH	DEFINED
ATLAS PIPELINE PARTNERS LP	COM	049392103	138,974	4,653	SH	DEFINED
ATLAS PIPELINE PARTNERS LP	COM	049392103	108,428	3,630	SH	DEFINED
ATLAS PIPELINE PARTNERS LP	COM	049392103	228,834	7,661	SH	DEFINED
ATMEL CORP	COM	049513104	8,541,344	1,058,407	SH	SOLE
ATMEL CORP	COM	049513104	76,504	9,480	SH	DEFINED
ATMEL CORP	COM	049513104	11,298	1,400	SH	DEFINED
ATMI INC	COM	00207R101	410,165	25,927	SH	SOLE
ATMOS ENERGY CORP	COM	049560105	6,442,818	198,546	SH	SOLE
ATMOS ENERGY CORP	COM	049560105	909	28	SH	DEFINED
ATMOS ENERGY CORP	COM	049560105	89,444	2,756	SH	DEFINED
ATP OIL & GAS CORP	COM	00208J108	34,695	4,500	SH	DEFINED
ATP OIL & GAS CORP	COM	00208J108	69,390	9,000	SH	DEFINED
ATP OIL + GAS CORPORATION	COM	00208J108	250,698	32,516	SH	SOLE
ATRICURE INC	COM	04963C209	99,923	10,259	SH	SOLE
ATRION CORPORATION	COM	049904105	238,706	1,151	SH	SOLE
ATWOOD OCEANICS INC	COM	050095108	4,252,256	123,756	SH	SOLE
ATWOOD OCEANICS INC	COM	050095108	17,180	500	SH	DEFINED
AU OPTRONICS CORP	COM	002255107	12	3	SH	DEFINED
AUDIOVOX CORP A	COM	050757103	81,499	14,845	SH	SOLE
AURICO GOLD INC	COM	05155C105	16,431	1,748	SH	DEFINED
AUTODESK INC	COM	052769106	3,233,592	116,400	SH	SOLE
AUTODESK INC	COM	052769106	3,168	114	SH	DEFINED
AUTODESK INC	COM	052769106	8,337	300	SH	DEFINED
AUTOLIV INC	COM	052800109	858,062	17,692	SH	SOLE
AUTOMATIC DATA PROCESSING	COM	053015103	12,232,266	259,433	SH	SOLE
AUTOMATIC DATA PROCESSING IN	COM	053015103	218,961	4,644	SH	DEFINED
AUTOMATIC DATA PROCESSING IN	COM	053015103	329,579	6,990	SH	DEFINED
AUTOMATIC DATA PROCESSING IN	COM	053015103	152,802	3,241	SH	DEFINED
AUNATION INC	COM	05329W102	520,350	15,874	SH	SOLE
AUTOZONE INC	COM	053332102	2,919,312	9,146	SH	SOLE
AUTOZONE INC	COM	053332902	4,650	5	SH	C DEFINED
AUTOZONE INC	COM	053332102	16,917	53	SH	DEFINED
AUTOZONE INC	COM	053332102	1,277	4	SH	DEFINED
AUXILIUM PHARMACEUTICALS I	COM	05334D107	523,781	34,942	SH	SOLE
AUXILIUM PHARMACEUTICALS INC	COM	05334D107	10,493	700	SH	DEFINED
AVAGO TECHNOLOGIES LTD	COM	Y0486S104	2,438,973	74,427	SH	SOLE
AVALON RARE METALS INC	COM	053470100	6,182	2,298	SH	DEFINED

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ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
AVALONBAY CMNTYS INC	COM	053484101	2,281	20	SH		DEFINED	
AVALONBAY COMMUNITIES INC	COM	053484101	3,531,900	30,968	SH		SOLE	
AVANIR PHARMACEUTICALS INC	COM	05348P401	259,222	90,637	SH		SOLE	
AVANIR PHARMACEUTICALS INC	COM	05348P401	357	125	SH		DEFINED	
AVANIR PHARMACEUTICALS INC	COM	05348P401	38,682	13,549	SH		DEFINED	
AVATAR HOLDINGS INC	COM	053494100	53,334	6,520	SH		SOLE	
AVEO PHARMACEUTICALS INC	COM	053588109	352,200	22,885	SH		SOLE	
AVEO PHARMACEUTICALS INC	COM	053588109	10,650	692	SH		DEFINED	
AVERY DENNISON CORP	COM	053611109	883,318	35,220	SH		SOLE	
AVI BIOPHARMA INC	COM	002346104	110,897	99,015	SH		SOLE	
AVI BIOPHARMA INC	COM	002346104	560	500	SH		DEFINED	
AVIAT NETWORKS INC	COM	05366Y102	104,039	44,272	SH		SOLE	
AVIAT NETWORKS INC	COM	05366Y102	9,400	4,000	SH		DEFINED	
AVID TECHNOLOGY INC	COM	05367P100	187,602	24,238	SH		SOLE	
AVIS BUDGET GROUP	COM	053774105	48	5	SH		DEFINED	
AVIS BUDGET GROUP	COM	053774105	377	39	SH		DEFINED	
AVIS BUDGET GROUP	COM	053774105	19,340	2,000	SH		DEFINED	
AVIS BUDGET GROUP INC	COM	053774105	741,496	76,680	SH		SOLE	
AVISTA CORP	COM	05379B107	1,126,698	47,241	SH		SOLE	
AVISTA CORP	COM	05379B107	3,959	166	SH		DEFINED	
AVISTA CORP	COM	05379B107	4,269	179	SH		DEFINED	
AVNET INC	COM	053807103	8,758,968	335,850	SH		SOLE	
AVNET INC	COM	053807103	2,608	100	SH		DEFINED	
AVNET INC	COM	053807103	453,114	17,374	SH		DEFINED	
AVON PRODS INC	COM	054303102	3,352	171	SH		DEFINED	
AVON PRODUCTS INC	COM	054303102	2,656,702	135,546	SH		SOLE	
AVX CORP	COM	002444107	15,882	1,338	SH		SOLE	
AVX CORP NEW	COM	002444107	11,870	1,000	SH		DEFINED	
AXCELIS TECHNOLOGIES INC	COM	054540109	92,989	77,491	SH		SOLE	
AXCELIS TECHNOLOGIES INC	COM	054540109	1,200	1,000	SH		DEFINED	
AXCELIS TECHNOLOGIES INC	COM	054540109	264	220	SH		DEFINED	
AXIS CAPITAL HOLDINGS	COM	G0692U109	6,096	235	SH		DEFINED	
AXIS CAPITAL HOLDINGS	COM	G0692U109	597	23	SH		DEFINED	
AXIS CAPITAL HOLDINGS LTD	COM	G0692U109	103,656	3,996	SH		SOLE	
AXT INC	COM	00246W103	117,699	23,353	SH		SOLE	
AZZ INC	COM	002474104	398,401	10,276	SH		SOLE	
B & G FOODS INC NEW	COM	05508R106	47,538	2,850	SH		DEFINED	
B & G FOODS INC NEW	COM	05508R106	49,873	2,990	SH		DEFINED	
B & G FOODS INC NEW	COM	05508R106	87,820	5,265	SH		DEFINED	
B+G FOODS INC	COM	05508R106	8,607,164	516,017	SH		SOLE	
BABCOCK & WILCOX CO NEW	COM	05615F102	78	4	SH		DEFINED	
BABCOCK + WILCOX CO/THE	COM	05615F102	31,964	1,635	SH		SOLE	
BACTERIN INTERNATIONAL HOL	COM	05644R101	32,594	16,297	SH		SOLE	
BADGER METER INC	COM	056525108	356,909	12,337	SH		SOLE	
BADGER METER INC	COM	056525108	2,893	100	SH		DEFINED	
BAIDU INC	COM	056752108	213,820	2,000	SH		DEFINED	
BAIDU INC	COM	056752108	210,506	1,969	SH		DEFINED	
BAIDU INC	COM	056752108	74,409	696	SH		DEFINED	
BAIDU INC SPON ADR	COM	056752108	7,981,152	74,653	SH		SOLE	
BAKER HUGHES INC	COM	057224107	7,776,944	168,478	SH		SOLE	
BAKER HUGHES INC	COM	057224107	7,615	165	SH		DEFINED	
BAKER HUGHES INC	COM	057224107	55,380	1,200	SH		DEFINED	
BALCHEM CORP	COM	057665200	882,195	23,645	SH		SOLE	
BALCHEM CORP	COM	057665200	5,597	150	SH		DEFINED	
BALDWIN & LYONS INC	COM	057755100	6,933	300	SH		DEFINED	
BALDWIN & LYONS INC	COM	057755209	25,858	1,210	SH		DEFINED	

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BALDWIN + LYONS INC CL B	COM	057755209	130,528	6,108	SH	SOLE
BALL CORP	COM	058498106	2,061,062	66,443	SH	SOLE
BALL CORP	COM	058498106	81,086	2,614	SH	DEFINED
BALL CORP	COM	058498106	1,241	40	SH	DEFINED
BALLARD PWR SYS INC NEW	COM	058586108	242	200	SH	DEFINED
BALLARD PWR SYS INC NEW	COM	058586108	980	810	SH	DEFINED
BALLY TECHNOLOGIES INC	COM	05874B107	2,609,667	96,726	SH	SOLE
BALLY TECHNOLOGIES INC	COM	05874B107	1,214	45	SH	DEFINED
BALTIC TRADING LIMITED	COM	Y0553W103	31,943	6,869	SH	DEFINED
BALTIC TRADING LTD	COM	Y0553W103	55,372	11,908	SH	SOLE
BANCFIRST CORP	COM	05945F103	162,882	4,912	SH	SOLE
BANCO BILBAO VIZCAYA ARGENTA	COM	05946K101	14,585	1,794	SH	DEFINED
BANCO BRADESCO S A	COM	059460303	5,369	363	SH	DEFINED
BANCO BRADESCO S A	COM	059460303	32,488	2,197	SH	DEFINED
BANCO BRADESCO S A	COM	059460303	36,679	2,480	SH	DEFINED
BANCO LATINOAMERICANO COME	COM	P16994132	309,535	20,324	SH	SOLE
BANCO SANTANDER BRASIL S A	COM	05967A107	21,250	2,903	SH	DEFINED
BANCO SANTANDER CHILE NEW	COM	05965X109	16,974	231	SH	DEFINED
BANCO SANTANDER SA	COM	05964H105	8,563	1,065	SH	DEFINED
BANCO SANTANDER SA	COM	05964H105	5,194	646	SH	DEFINED
BANCO SANTANDER SA	COM	05964H105	57,177	7,112	SH	DEFINED
BANCORP INC/THE	COM	05969A105	152,938	21,360	SH	SOLE
BANCORP RHODE ISLAND INC	COM	059690107	115,131	2,716	SH	SOLE
BANCORPSOUTH INC	COM	059692103	1,917,359	218,378	SH	SOLE
BANK HAWAII CORP	COM	062540109	18,200	500	SH	DEFINED

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
BANK MONTREAL QUE	COM	063671101	11,170	200	SH		DEFINED	
BANK MONTREAL QUE	COM	063671101	61,156	1,095	SH		DEFINED	
BANK MUTUAL CORP	COM	063750103	98,387	37,696	SH		SOLE	
BANK NOVA SCOTIA HALIFAX	COM	064149107	102,808	2,050	SH		DEFINED	
BANK OF AMERICA CORP	COM	060505104	24,716,868	4,038,704	SH		SOLE	
BANK OF AMERICA CORPORATION	COM	060505104	212,948	34,795	SH		DEFINED	
BANK OF AMERICA CORPORATION	COM	060505904	3,080	40	SH	C	DEFINED	
BANK OF AMERICA CORPORATION	COM	060505104	915,640	149,614	SH		DEFINED	
BANK OF AMERICA CORPORATION	COM	060505682	19,125	25	SH		DEFINED	
BANK OF AMERICA CORPORATION	COM	060505104	593,033	96,901	SH		DEFINED	
BANK OF AMERICA CORPORATION	COM	060505682	393,210	514	SH		DEFINED	
BANK OF AMERICA CORPORATION	COM	060505954	60	60	SH	P	DEFINED	
BANK OF HAWAII CORP	COM	062540109	3,764,670	103,425	SH		SOLE	
BANK OF KENTUCKY FINL CORP	COM	062896105	85,214	4,206	SH		SOLE	
BANK OF MARIN BANCORP	COM	063425102	10,738	325	SH		DEFINED	
BANK OF MARIN BANCORP/CA	COM	063425102	128,393	3,886	SH		SOLE	
BANK OF NEW YORK MELLON CO	COM	064058100	8,549,838	459,916	SH		SOLE	
BANK OF NEW YORK MELLON CORP	COM	064058100	134,090	7,213	SH		DEFINED	
BANK OF NEW YORK MELLON CORP	COM	064058100	62,200	3,346	SH		DEFINED	
BANK OF NEW YORK MELLON CORP	COM	064058100	88,483	4,760	SH		DEFINED	
BANK OF THE OZARKS	COM	063904106	481,976	23,028	SH		SOLE	
BANK OF THE OZARKS INC	COM	063904106	119,531	5,711	SH		DEFINED	
BANKATLANTIC BANCORP	COM	065908600	3,287	5,320	SH		DEFINED	

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BANKATLANTIC BANCORP	COM	065908600	8,031	13,000	SH	DEFINED
BANKFINANCIAL CORP	COM	06643P104	102,196	15,391	SH	SOLE
BANKUNITED INC	COM	06652K103	3,633,602	175,029	SH	SOLE
BANNER CORPORATION	COM	06652V208	154,426	12,074	SH	SOLE
BAR HBR BANKSHARES	COM	066849100	70,000	2,500	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H206	65,077	1,251	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H305	72,263	1,688	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H248	64,421	728	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H255	5,761	164	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H750	2,722	145	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H776	31,710	1,500	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H206	5,202	100	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H214	24,664	278	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H305	5,052	118	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H743	107,103	3,435	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H248	23,007	260	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H255	843	24	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H362	13,866	600	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H776	8,456	400	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H214	13,219	149	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H230	19,653	270	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H271	14,639	238	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H305	28,897	675	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H248	12,300	139	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H263	6,694	137	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H362	52,367	2,266	SH	DEFINED
BARCLAYS BANK PLC	COM	06739H776	21,140	1,000	SH	DEFINED
BARCLAYS BK PLC	COM	06738C778	623,262	14,932	SH	DEFINED
BARCLAYS BK PLC	COM	06740C261	11,314	212	SH	DEFINED
BARCLAYS BK PLC	COM	06738C794	25,730	845	SH	DEFINED
BARCLAYS BK PLC	COM	06738C778	118,876	2,848	SH	DEFINED
BARCLAYS BK PLC	COM	06738C786	2,460	124	SH	DEFINED
BARCLAYS BK PLC	COM	06739F101	64,537	1,605	SH	DEFINED
BARCLAYS BK PLC	COM	06739F291	3,284	61	SH	DEFINED
BARCLAYS BK PLC	COM	06740C261	142,231	2,665	SH	DEFINED
BARCLAYS BK PLC	COM	06739F135	269,528	6,255	SH	DEFINED
BARCLAYS BK PLC	COM	06740L485	399	7	SH	DEFINED
BARCLAYS BK PLC	COM	06738C778	35,771	857	SH	DEFINED
BARCLAYS BK PLC	COM	06738C786	3,968	200	SH	DEFINED
BARCLAYS BK PLC	COM	06739F101	6,112	152	SH	DEFINED
BARCLAYS BK PLC	COM	06739F291	13,458	250	SH	DEFINED
BARCLAYS BK PLC	COM	06740C261	1,045,412	19,588	SH	DEFINED
BARCLAYS BK PLC	COM	06739F390	22,483	1,150	SH	DEFINED
BARCLAYS BK PLC	COM	06740L485	5,705	100	SH	DEFINED
BARCLAYS BK PLC	COM	06740P270	4,176	100	SH	DEFINED
BARCLAYS PLC	COM	06738E204	6,846	700	SH	DEFINED
BARD C R INC	COM	067383109	1,226	14	SH	DEFINED
BARD C R INC	COM	067383109	221,564	2,531	SH	DEFINED
BARNES & NOBLE INC	COM	067774109	630	53	SH	DEFINED
BARNES + NOBLE INC	COM	067774109	1,300,235	109,910	SH	SOLE
BARNES GROUP INC	COM	067806109	847,462	44,024	SH	SOLE
BARRETT BILL CORP	COM	06846N104	7,248	200	SH	DEFINED
BARRETT BUSINESS SVCS INC	COM	068463108	77,479	5,558	SH	SOLE
BARRICK GOLD CORP	COM	067901108	48,355	1,037	SH	DEFINED
BARRICK GOLD CORP	COM	067901958	284	1	SH	DEFINED
BARRICK GOLD CORP	COM	067901108	357,899	7,672	SH	DEFINED
BARRICK GOLD CORP	COM	067901908	2,620	10	SH	DEFINED
BARRICK GOLD CORP	COM	067901108	553,316	11,861	SH	DEFINED

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13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
BARRY (R.G.)	COM	068798107	66,526	6,276	SH		SOLE	
BASIC ENERGY SERVICES INC	COM	06985P100	286,032	20,200	SH		SOLE	
BAXTER INTERNATIONAL INC	COM	071813109	9,592,810	170,873	SH		SOLE	
BAXTER INTL INC	COM	071813109	205,865	3,667	SH		DEFINED	
BAXTER INTL INC	COM	071813109	56,140	1,000	SH		DEFINED	
BAYTEX ENERGY CORP	COM	07317Q105	4,167	100	SH		DEFINED	
BB&T CORP	COM	054937107	3,957	186	SH		DEFINED	
BB&T CORP	COM	054937107	84,168	3,946	SH		DEFINED	
BB+T CORP	COM	054937107	7,734,386	362,606	SH		SOLE	
BCE INC	COM	05534B760	84,285	2,250	SH		DEFINED	
BCE INC	COM	05534B760	8,279	221	SH		DEFINED	
BE AEROSPACE INC	COM	073302101	19,690,550	594,701	SH		SOLE	
BE AEROSPACE INC	COM	073302101	10,165	307	SH		DEFINED	
BEACON POWER CORP	COM	073677205	2,091	4,100	SH		DEFINED	
BEACON ROOFING SUPPLY INC	COM	073685109	536,896	33,577	SH		SOLE	
BEAZER HOMES USA INC	COM	07556Q105	84,027	55,647	SH		SOLE	
BEBE STORES INC	COM	075571109	188,556	28,059	SH		SOLE	
BECTON DICKINSON & CO	COM	075887109	21,996	300	SH		DEFINED	
BECTON DICKINSON & CO	COM	075887109	133,369	1,819	SH		DEFINED	
BECTON DICKINSON AND CO	COM	075887109	4,794,175	65,387	SH		SOLE	
BED BATH & BEYOND INC	COM	075896100	1,433	25	SH		DEFINED	
BED BATH & BEYOND INC	COM	075896100	405,869	7,082	SH		DEFINED	
BED BATH & BEYOND INC	COM	075896100	222,420	3,881	SH		DEFINED	
BED BATH + BEYOND INC	COM	075896100	6,392,415	111,541	SH		SOLE	
BEL FUSE INC CL B	COM	077347300	133,793	8,582	SH		SOLE	
BELDEN INC	COM	077454106	1,001,065	38,816	SH		SOLE	
BELO CORPORATION A	COM	080555105	330,691	67,626	SH		SOLE	
BEMIS COMPANY	COM	081437105	1,013,159	34,567	SH		SOLE	
BENCHMARK ELECTRONICS INC	COM	08160H101	645,803	49,639	SH		SOLE	
BENEFICIAL MUTUAL BANCORP	COM	08173R104	180,953	24,289	SH		SOLE	
BENIHANA INC CLASS A	COM	082047200	83,767	9,729	SH		SOLE	
BERKLEY W R CORP	COM	084423102	32,659	1,100	SH		DEFINED	
BERKLEY W R CORP	COM	084423102	5,966	201	SH		DEFINED	
BERKSHIRE HATHAWAY INC CL	COM	084670702	37,782,127	531,843	SH		SOLE	
BERKSHIRE HATHAWAY INC DEL	COM	084670702	976,019	13,739	SH		DEFINED	
BERKSHIRE HATHAWAY INC DEL	COM	084670108	213,600	2	SH		DEFINED	
BERKSHIRE HATHAWAY INC DEL	COM	084670702	1,465,555	20,630	SH		DEFINED	
BERKSHIRE HATHAWAY INC DEL	COM	084670108	106,800	1	SH		DEFINED	
BERKSHIRE HATHAWAY INC DEL	COM	084670702	1,139,837	16,045	SH		DEFINED	
BERKSHIRE HATHAWAY INC DEL	COM	084670108	106,800	1	SH		DEFINED	
BERKSHIRE HILLS BANCORP IN	COM	084680107	279,710	15,144	SH		SOLE	
BERRY PETE CO	COM	085789105	2,618	74	SH		DEFINED	
BERRY PETROLEUM CO CLASS A	COM	085789105	1,331,845	37,644	SH		SOLE	
BEST BUY CO INC	COM	086516101	2,347,265	100,741	SH		SOLE	
BEST BUY INC	COM	086516101	49,629	2,130	SH		DEFINED	
BEST BUY INC	COM	086516101	2,330	100	SH		DEFINED	
BEST BUY INC	COM	086516101	5,872	252	SH		DEFINED	
BG MEDICINE INC	COM	08861T107	19,912	5,609	SH		SOLE	
BGC PARTNERS INC	COM	05541T101	441,975	73,296	SH		DEFINED	
BGC PARTNERS INC	COM	05541T101	17,065	2,830	SH		DEFINED	
BGC PARTNERS INC CL A	COM	05541T101	332,904	55,208	SH		SOLE	
BHP BILLITON LTD	COM	088606108	133,877	2,015	SH		DEFINED	

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BHP BILLITON LTD	COM	088606108	186,160	2,802	SH	DEFINED
BIG 5 SPORTING GOODS CORP	COM	08915P101	109,507	18,011	SH	SOLE
BIG LOTS INC	COM	089302103	746,686	21,438	SH	SOLE
BIGBAND NETWORKS INC	COM	089750509	40,942	31,986	SH	SOLE
BIGLARI HOLDINGS INC	COM	08986R101	300,243	1,013	SH	SOLE
BILL BARRETT CORP	COM	06846N104	4,985,464	137,568	SH	SOLE
BIO RAD LABORATORIES A	COM	090572207	3,916,726	43,150	SH	SOLE
BIO RAD LABS INC	COM	090572207	49,924	550	SH	DEFINED
BIO RAD LABS INC	COM	090572207	1,452	16	SH	DEFINED
BIO REFERENCE LABS INC	COM	09057G602	370,943	20,149	SH	SOLE
BIOCRYST PHARMACEUTICALS	COM	09058V103	3,864	1,400	SH	DEFINED
BIOCRYST PHARMACEUTICALS I	COM	09058V103	58,272	21,113	SH	SOLE
BIODELIVERY SCIENCES INTL IN	COM	09060J106	14,555	13,353	SH	DEFINED
BIOGEN IDEC INC	COM	09062X103	9,832,076	105,551	SH	SOLE
BIOGEN IDEC INC	COM	09062X103	12,203	131	SH	DEFINED
BIOGEN IDEC INC	COM	09062X103	54,493	585	SH	DEFINED
BIOGEN IDEC INC	COM	09062X103	8,197	88	SH	DEFINED
BIOLASE TECHNOLOGY INC	COM	090911108	62,944	20,981	SH	SOLE
BIOMARIN PHARMACEUTICAL IN	COM	09061G101	57,493	1,804	SH	SOLE
BIOMARIN PHARMACEUTICAL INC	COM	09061G101	125,663	3,943	SH	DEFINED
BIOMED REALTY TRUST INC	COM	09063H107	1,781,590	107,519	SH	SOLE
BIOMIMETIC THERAPEUTICS IN	COM	09064X101	46,273	14,022	SH	SOLE
BIO-REFERENCE LABS INC	COM	09057G602	5,523	300	SH	DEFINED
BIOSANTE PHARMACEUTICALS I	COM	09065V203	182,455	80,024	SH	SOLE
BIOSANTE PHARMACEUTICALS INC	COM	09065V203	5	2	SH	DEFINED
BIOSCRIP INC	COM	09069N108	189,064	29,727	SH	SOLE
BIOSPECIFICS TECHNOLOGIES	COM	090931106	58,346	3,615	SH	SOLE
BIOTECH HOLDRS TR	COM	09067D201	779	8	SH	DEFINED
BIOTIME INC	COM	09066L105	79,534	18,035	SH	SOLE

13F SECURITIES - 3Q 201

ISSUER NAME	TITLE OF CLASS	CUSIP NUMBER	ACTUAL VALUE	SHARES/ PRINCIPAL	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OT M
BIOTIME INC	COM	09066L105	851	193	SH		DEFINED	
BIOTIME INC	COM	09066L105	882	200	SH		DEFINED	
BIRNER DENTAL MGMT SERVICES	COM	091283200	11,648	700	SH		DEFINED	
BJ S RESTAURANTS INC	COM	09180C106	869,320	19,708	SH		SOLE	
BJ S WHOLESALE CLUB INC	COM	05548J106	6,156,281	120,146	SH		SOLE	
BJS WHOLESALE CLUB INC	COM	05548J106	4,150	81	SH		DEFINED	
BLACK BOX CORP	COM	091826107	314,443	14,728	SH		SOLE	
BLACK DIAMOND INC	COM	09202G101	63,042	9,669	SH		SOLE	
BLACK HILLS CORP	COM	092113109	3,501,662	114,284	SH		SOLE	
BLACK HILLS CORP	COM	092113109	30,640	1,000	SH		DEFINED	
BLACKBAUD INC	COM	09227Q100	812,098	36,466	SH		SOLE	
BLACKBOARD INC	COM	091935502	1,142,626	25,585	SH		SOLE	
BLACKROCK BUILD AMER BD TR	COM	09248X100	40,400	2,000	SH		DEFINED	
BLACKROCK CALIF MUN INCOME T	COM	09248E102	80,194	5,696	SH		DEFINED	
BLACKROCK CORE BD TR	COM	09249E101	2,529	195	SH		DEFINED	
BLACKROCK CORPOR HI YLD III	COM	09255M104	368,266	56,919	SH		DEFINED	
BLACKROCK CORPOR HI YLD III	COM	09255M104	146,558	22,652	SH		DEFINED	
BLACKROCK CORPOR HIGH YLD FD	COM	09255L106	81,375	12,367	SH		DEFINED	
BLACKROCK DEBT STRAT FD INC	COM	09255R103	46,316	12,125	SH		DEFINED	

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BLACKROCK DEBT STRAT FD INC	COM	09255R103	23,806	6,232	SH	DEFINED
BLACKROCK DEBT STRAT FD INC	COM	09255R103	9,550	2,500	SH	DEFINED
BLACKROCK ENERGY & RES TR	COM	09250U101	33,915	1,500	SH	DEFINED
BLACKROCK ENERGY & RES TR	COM	09250U101	43,327	1,916	SH	DEFINED
BLACKROCK ENH CAP & INC FD I	COM	09256A109	4,783	405	SH	DEFINED
BLACKROCK ENH CAP & INC FD I	COM	09256A109	68,888	5,833	SH	DEFINED
BLACKROCK ENHANCED EQT DIV T	COM	09251A104	501,632	71,867	SH	DEFINED
BLACKROCK FLOAT RATE OME STR	COM	09255X100	38,190	3,000	SH	DEFINED
BLACKROCK FLOATING RATE INCO	COM	091941104	12,670	1,000	SH	DEFINED
BLACKROCK GLOBAL OPP EQTY TR	COM	092501105	11,598	822	SH	DEFINED
BLACKROCK GLOBAL OPP EQTY TR	COM	092501105	193,660	13,725	SH	DEFINED
BLACKROCK GLOBAL OPP EQTY TR	COM	092501105	1,439	102	SH	DEFINED
BLACKROCK HEALTH SCIENCES TR	COM	09250W107	23,689	985	SH	DEFINED
BLACKROCK HIGH INCOME SHS	COM	09250E107	9,967	5,085	SH	DEFINED
BLACKROCK HIGH INCOME SHS	COM	09250E107	25,480	13,000	SH	DEFINED
BLACKROCK HIGH YIELD TR	COM	09248N102	3,631	580	SH	DEFINED
BLACKROCK HIGH YIELD TR	COM	09248N102	31,300	5,000	SH	DEFINED
BLACKROCK INC	COM	09247X101	16,333,496	110,354	SH	SOLE
BLACKROCK INC	COM	09247X101	9,769	66	SH	DEFINED
BLACKROCK INC	COM	09247X101	10,065	68	SH	DEFINED
BLACKROCK INCOME OPP TRUST I	COM	092475102	135,005	13,762	SH	DEFINED
BLACKROCK INCOME OPP TRUST I	COM	092475102	4,905	500	SH	DEFINED
BLACKROCK INTL GRWTH & INC T	COM	092524107	112,898	14,777	SH	DEFINED
BLACKROCK INTL GRWTH & INC T	COM	092524107	1,322	173	SH	DEFINED
BLACKROCK KELSO CAPITAL CO	COM	092533108	389,294	53,328	SH	SOLE
BLACKROCK KELSO CAPITAL CORP	COM	092533108	172,832	23,676	SH	DEFINED
BLACKROCK KELSO CAPITAL CORP	COM	092533108	355,875	48,750	SH	DEFINED
BLACKROCK KELSO CAPITAL CORP	COM	092533108	2,993	410	SH	DEFINED
BLACKROCK LTD DURATION INC T	COM	09249W101	73,094	4,600	SH	DEFINED
BLACKROCK LTD DURATION INC T	COM	09249W101	31,748	1,998	SH	DEFINED
BLACKROCK MUN INCOME TR	COM	09248F109	13,670		InvestmentsMember	

[Tables of Contents](#)

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

FORM 10-K

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

For the fiscal year ended July 31, 2018

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.

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(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, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class Name of Exchange on Which Registered
Common Stock, \$0.01 par value Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None.

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition 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
(Do not check if a smaller reporting 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

The aggregate market value of Intuit Inc. outstanding common stock held by non-affiliates of Intuit as of January 31, 2018, the last business day of our most recently completed second fiscal quarter, based on the closing price of \$167.90 reported by the Nasdaq Global Select Market on that date, was \$41 billion.

There were 258,671,620 shares of Intuit voting common stock outstanding as of August 24, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

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Portions of the registrant's definitive proxy statement for its Annual Meeting of Stockholders to be held on January 17, 2019 are incorporated by reference in Part III of this Annual Report on Form 10-K.

Tables of Contents

**INTUIT INC.
FISCAL 2018 FORM 10-K
INDEX**

Page

PART I

ITEM 1:	<u>Business</u>	<u>4</u>
ITEM 1A:	<u>Risk Factors</u>	<u>13</u>
ITEM 1B:	<u>Unresolved Staff Comments</u>	<u>24</u>
ITEM 2:	<u>Properties</u>	<u>24</u>
ITEM 3:	<u>Legal Proceedings</u>	<u>25</u>
ITEM 4:	<u>Mine Safety Disclosures</u>	<u>25</u>

PART II

ITEM 5:	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>26</u>
ITEM 6:	<u>Selected Financial Data</u>	<u>29</u>
ITEM 7:	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
ITEM 7A:	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>47</u>
ITEM 8:	<u>Financial Statements and Supplementary Data</u>	<u>48</u>
ITEM 9:	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>89</u>
ITEM 9A:	<u>Controls and Procedures</u>	<u>89</u>
ITEM 9B:	<u>Other Information</u>	<u>89</u>

PART III

ITEM 10:	<u>Directors, Executive Officers and Corporate Governance</u>	<u>90</u>
ITEM 11:	<u>Executive Compensation</u>	<u>91</u>
ITEM 12:	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>92</u>
ITEM 13:	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>92</u>
ITEM 14:	<u>Principal Accountant Fees and Services</u>	<u>92</u>

PART IV

ITEM 15:	<u>Exhibits and Financial Statement Schedules</u>	<u>92</u>
	<u>Signatures</u>	<u>93</u>

EX-10.08
EX-10.35
EX-10.41
EX-21.01
EX-23.01
EX-31.01
EX-31.02
EX-32.01
EX-32.02

EX-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
EX-101.SCH XBRL Taxonomy Extension Schema

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EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX-101.LAB XBRL Taxonomy Extensions Label Linkbase

EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase

EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

Intuit, the Intuit logo, QuickBooks, Lacerte, TurboTax, QB, ProSeries, ProConnect, and Mint, among others, are registered trademarks and/or registered service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Other parties' marks are the property of their respective owners.

[Intuit Fiscal 2018 Form 10-K 2](#)

Tables of Contents

PART I
ITEM 1 - BUSINESS
CORPORATE BACKGROUND
General

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 global products and platforms include QuickBooks, TurboTax, Mint, and Turbo are designed to help customers run their small businesses, pay employees and send invoices, separate business and personal expenses, track their money, and file income taxes. Across our product offerings, we serve approximately 50 million customers. We had revenue of \$6.0 billion in our fiscal year ended July 31, 2018, with approximately 8,900 employees in major offices in the United States, Canada, India, the United Kingdom, Israel, Australia, and other locations.

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

Available Information

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

BUSINESS OVERVIEW

Intuit's Mission

We are a global financial management and compliance platform company committed to powering prosperity around the world. Our customers include consumers, small businesses, and the self-employed. Working with a broad array of vital partners – accountants, developers, financial institutions, schools, governments and other platform companies, such as Apple and Google – we strive to deliver three benefits that matter most to our customers:

- Helping consumers save money, and enabling small businesses and the self-employed to grow and prosper.

Turning drudgery into time for what matters most.

Providing peace of mind when making financial or compliance decisions.

We build durable competitive advantage by delivering personalized experiences via our trusted open platform that builds connections between customers, partners and products, as described in our Growth Strategy below.

Intuit Fiscal 2018 Form 10-K 4

Tables of Contents

Our Business Portfolio

We organize our businesses into three reportable segments:

Small Business & Self-Employed: This segment targets small businesses and the self-employed around the globe, and the accounting professionals who serve and advise them. Our offerings include QuickBooks financial and business management online services and desktop software, payroll solutions, 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, a connected, one-stop destination for customers to make their financial lives easier. 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. We are well positioned to succeed in this evolving environment with our online service offerings. Our total service and other revenue was \$4.5 billion, or 75 percent, of our total revenue in fiscal 2018.

Summary

As the external environment evolves, we adapt our strategy to meet these changes. Our commitment remains consistent and has been our success formula for more than 30 years: a focus on developing innovative financial and compliance products and services that are easy to use and are available where and when customers need them. As a result, our customers actively recommend our products and solutions to others, which is one important way that we measure the success of our strategy.

Tables of Contents**PRODUCTS AND SERVICES**

During fiscal 2018 we offered our products and services in the three segments described in “*Business Overview*” above. The following table shows the classes of similar products or services that accounted for 5% or more of total net revenue within the last three fiscal years.

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Small Business & Self-Employed	50 %	49 %	47 %
Consumer	42 %	43 %	44 %
Strategic Partner	8 %	8 %	9 %

International total net revenue was less than 5% of consolidated total net revenue for fiscal 2018, fiscal 2017, and fiscal 2016.

For financial information about our reportable segments, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in Item 7 and Note 14 to the financial statements in Item 8 of this Annual Report.

Small Business & Self-Employed

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

QuickBooks Online Services and Desktop Software. Our easy-to-use QuickBooks financial management solutions help small businesses, the self-employed, and accounting professionals solve financial and compliance problems, make more money and reduce unnecessary work, while giving them complete confidence in their actions and decisions. Users can track income and expenses, create and send invoices and estimates, manage and pay bills, and review a variety of financial reports. Our QuickBooks offering is accessible online and via a desktop version.

QuickBooks is built on an open platform, allowing third-party developers to create online and mobile applications that integrate with our offering. A growing number of companies offer applications built for our QuickBooks platform, including PayPal, Shopify, Square, and Bill.com.

In addition to our core QuickBooks offering, we also offer specific solutions for the following customer segments: **Enterprise.** Our QuickBooks Enterprise and QuickBooks Advanced offerings are designed for larger small businesses that have outgrown our QuickBooks product. QuickBooks Enterprise is available as either a hosted or server-based solution. This offering provides industry-specific reports and features for a range of industries, including Contractor, Manufacturing and Wholesale, Nonprofit, and Retail. QuickBooks Advanced is an online enterprise solution.

Self-Employed. QuickBooks Self-Employed is designed specifically for self-employed customers whose needs are different than small businesses that use QuickBooks. Features include categorizing business and personal transactions, identifying and classifying tax deductible expenses, tracking mileage, calculating estimated quarterly taxes and sending invoices. QuickBooks Self-Employed can be combined with TurboTax to export and pay year-end taxes. QuickBooks Self-Employed is available both online and via a mobile application.

Accountants. QuickBooks Online Accountant and QuickBooks Accountant Desktop Plus are available to accounting professionals who use QuickBooks offerings and recommend them to their small business clients. These offerings provide the tools and file-sharing capabilities that accounting professionals need to efficiently complete bookkeeping and financial reporting tasks and to manage their practices. We also offer memberships to the QuickBooks ProAdvisor program, providing QuickBooks Online Accountant, QuickBooks Accountant Desktop Plus, QuickBooks Desktop Enterprise Accountant, QuickBooks Point of Sale Desktop, technical support, training, product certification, access to marketing tools, and discounts on Intuit products and services purchased on behalf of clients.

Payroll Solutions. We offer two levels of payroll solutions that are sold on a subscription basis and seamlessly integrate with our QuickBooks Online and QuickBooks Desktop offerings. Our basic payroll offering includes online payroll processing, direct deposit of employee paychecks, payroll reports, electronic payment of federal and state payroll taxes, and electronic filing of federal and state payroll tax forms. In addition, our full-service payroll offering provides comprehensive payroll services to QuickBooks customers who prefer not to perform payroll tasks themselves.

Payment Processing Solutions. Our full range of merchant services for small businesses includes credit card, debit card, electronic benefits, and gift card processing services; check verification, check guarantee, and electronic check conversion, including automated clearing house capabilities. We also provide web-based transaction processing services for online merchants. In addition to transaction processing services, our broad

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support for our clients includes customer service, merchant and consumer collections, chargeback and retrieval support, and fraud and loss prevention screening. We also offer e-invoicing, which allows small businesses to email invoices directly from QuickBooks with a Pay Now link and enables customers to instantly pay online or from their mobile device.

[Intuit Fiscal 2018 Form 10-K 6](#)

Tables of Contents

Financial Supplies. We offer a range of financial supplies designed for individuals and small businesses that use our QuickBooks offerings. These include standard paper checks and Secure Plus checks with CheckLock fraud protection features; envelopes, invoices and deposit slips; and business identity products, such as business cards and stationery. We also offer tax forms, tax return presentation folders and other supplies for professional tax preparers.

Financing for Small Businesses. We offer financing options for small businesses to help them get the capital they need to succeed. The financing process provides small businesses the ability to use their QuickBooks data to qualify to borrow capital.

Consumer

Our TurboTax products and services are designed to enable individuals to prepare and file their own federal and state personal income tax returns quickly and accurately. They are designed to be easy to use, yet sophisticated enough for complex tax returns. Most of these offerings are available on both desktop and mobile devices.

Tax Return Preparation Offerings. For the 2017 tax season, we offered a range of software products and services that included TurboTax Basic, for simple returns; TurboTax Deluxe, for taxpayers who itemize deductions; TurboTax Premier, for taxpayers who own investments or rental property; and TurboTax Home and Business and TurboTax Self-Employed, for small business owners. We also offered TurboTax Free Edition for the simplest returns. We launched a new offering in the 2017 tax season, TurboTax Live, which provides live tax advice to customers. TurboTax AnswerXchange is an online forum where participants can learn from and share information with other users while preparing their income tax returns. For the 2017 tax season, our online tax preparation and filing services were offered through the websites of thousands of financial institutions, electronic retailers, and other online merchants. Financial institutions can offer our online tax preparation and filing services to their customers through a link to TurboTax Online. Our TurboTax U.S. and Canada offerings consist of desktop, online, and mobile offerings.

Electronic Filing and Other Services. Our desktop, online, and mobile tax preparation customers can electronically file their federal and state income tax returns through our electronic filing center. For the 2017 tax season, TurboTax customers had the option to receive their income tax refunds on a prepaid debit card that we provided through a partner. We also offered audit defense, audit support, identity restoration services, and credit scores.

Intuit Tax Freedom Project. Under the Intuit Tax Freedom Project, we provide online federal and state income tax return preparation and electronic filing services at no charge to eligible taxpayers. For the 2017 tax season, we provided approximately 1.2 million free federal returns under this initiative. We are a member of the Free File Alliance, a consortium of private sector companies that has entered into an agreement with the federal government to provide free online federal tax preparation and filing services to eligible taxpayers. See also "Competition – Consumer Segment" later in this Item 1 for more information on the Free File Alliance.

Other Consumer Offerings. 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

Our Strategic Partner segment includes our professional tax offerings and 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 consist of Lacerte, ProSeries, and ProConnect Tax Online and enable accountants to accurately and efficiently complete and electronically file a full range of consumer, small business, and commercial federal and state tax returns with both desktop and online offerings. Lacerte is designed for full-service year-round accounting firms who handle more complex returns. ProSeries is designed for year-round tax practices handling moderately complex tax returns. ProConnect Tax Online is our cloud-based solution, which is designed for full-service year-round practices who prepare all forms of consumer and small business returns and integrates with our QuickBooks Online offerings. ProFile is our Canadian tax offering, which serves year-round full-service accounting firms for both consumer and business tax returns. We also offer a variety of tax-related services that complement the tax return preparation process including year-round document storage and access, collaboration services, e-signature, and bank products.

PRODUCT DEVELOPMENT

Since the markets for software and related services are characterized by rapid technological change, shifting customer needs and frequent new product introductions and enhancements, a continuous high level of investment is required to innovate and quickly develop new products and services as well as enhance existing offerings. Our product development efforts are becoming more important than ever as we pursue our growth strategy. We develop many of our products and services internally, and we have a number of United States and foreign patents and pending applications that relate to various aspects of our products and technology. We also supplement our internal development efforts by acquiring or licensing products and technology from third parties, and establishing other relationships that enable us to enhance or expand our offerings more rapidly. We expect to

expand our third-party technology relationships as we continue to pursue our growth strategy.

[Intuit Fiscal 2018 Form 10-K 7](#)

Tables of Contents

While our traditional desktop software products – QuickBooks, TurboTax, Lacerte, and ProSeries – tend to have predictable annual development and product release cycles, as we move to more online offerings and mobile applications, the development cycles are becoming more rapid. In addition, developing consumer and professional tax software and services presents unique challenges because of the demanding development cycle required to accurately incorporate federal and state tax law and tax form changes within a rigid timetable. The development timing for our small business payroll and merchant payment processing services offerings varies with business needs and regulatory requirements, and the length of the development cycle depends on the scope and complexity of each project.

We continue to make substantial investments in research and development, and we expect to focus our future research and development efforts on enhancing existing products and services with financial recommendations, personalization, and ease of use enabled by artificial intelligence and machine learning. We continue to focus on developing new products and services, including new mobile and global offerings, and significant research and development efforts on ongoing projects to update the technology platforms for several of our offerings. Our research and development expenses were \$1.2 billion or 20% of total net revenue in fiscal 2018; \$998 million or 19% of total net revenue in fiscal 2017; and \$881 million or 19% of total net revenue in fiscal 2016.

SEASONALITY

Our Consumer offerings have significant seasonal patterns. As a result, during each of the last three fiscal years the total consolidated revenue for our third quarter ended April 30 has represented nearly half of our annual total consolidated revenue for those years. We expect the seasonality of our Consumer business to continue to have a significant impact on our quarterly financial results in the future.

MARKETING, SALES AND DISTRIBUTION CHANNELS

Markets

Our primary target customers are consumers, small businesses, and the self-employed. We also provide specialized tax products to accounting professionals, who are key partners to help us reach small business customers. The markets in which we compete have always been characterized by rapid technological change, shifting customer needs, and frequent new product introductions and enhancements by competitors. Over the past several years, the widespread usage of mobile devices and the explosion of social media have accelerated the pace of change and revolutionized the way that customers learn about, evaluate, and purchase products and services.

Real-time, personalized online and mobile shopping experiences are the standard. In addition, many customers now begin shopping in one channel and ultimately purchase in another. This has created a need for integrated, multi-channel, shop-and-buy experiences. Market and industry changes quickly make existing products and services obsolete. Our success depends on our ability to respond rapidly to these changes with new business models, updated competitive strategies, new or enhanced products and services, alternative distribution methods, and other changes in the way we do business.

Marketing Programs

We use a variety of marketing programs to generate direct sales, develop leads, increase general awareness of our product portfolio, and drive sales in retail. These programs include digital marketing such as display and pay-per-click advertising, search engine optimization, and social and affiliate marketing; mobile marketing through online app stores; email marketing; offline marketing such as TV, radio, billboard, magazine and newspaper advertising; retail marketing; public relations; and in product marketing to drive awareness of related products and services. Our campaigns are designed to attract new users, retain existing users, and cross sell additional offerings.

Sales and Distribution Channels

Multi-Channel Shop-and-Buy Experiences. Our customers use the web and mobile devices to research products and services. Some customers buy and use our products and services entirely online or through their mobile devices. Others research online but make their purchase at a retail location. Because many customers shop across multiple channels, we continue to coordinate our online, offline, and retail presence and promotions to support an integrated, multi-channel, shop-and-buy model.

Direct Sales Channel. We sell many of our products and services directly through our websites and call centers. Direct, online sales are an effective channel for customers who can make purchase decisions based on content provided on our websites, via other online content or word of mouth recommendations. Telesales continues to be an effective channel for serving customers that want live help to select the products and services that are right for their needs. We also have a direct sales force that calls on U.S. and international accounting firms and seeks to increase their awareness, usage, and recommendation of our small business and professional tax solutions.

Tables of Contents

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

Mobile Application Stores. We distribute many of our offerings for mobile devices through proprietary online stores that provide applications for specific devices. These include the Apple App Store, which provides apps for the Apple iPhone and iPad, and Google's Play Store, which provides apps for Android-compatible smartphones and tablets.

Other Channels. We sell our consumer and small business products and services through selected alliance partners and accountants that help us reach new customers at the point of need and drive growth and market share by extending our online reach. Solution providers combine our products and services with value-added marketing, sales, and technical expertise to deliver a complete solution at the local level. As we expand our mobile and global offerings, we expect that strategic partnerships will become increasingly important to our business.

COMPETITION

Overview

We face intense competition in all of our businesses, both domestically and internationally. Competitive interest and expertise in many of the markets we serve have grown markedly over the past few years and we expect this trend to continue. Some of our existing competitors have significantly greater financial, technical, and marketing resources than we do. In addition, the competitive landscape can shift rapidly as new companies enter markets in which we compete. This is particularly true for online and mobile products and services, where the barriers to entry are lower than they are for desktop software products and services. To attract customers, many online and mobile competitors are offering free or low-priced products which we must take into account in our pricing strategies. Our most obvious competition comes from other companies that offer technology solutions similar to ours. However, for many of our products and services, other important competitive alternatives for customers are third-party service providers such as professional accountants and seasonal assisted tax preparation businesses. Manual tools and processes, or general-purpose software, are also important competitive alternatives.

Competition Specific to Segments

Small Business & Self-Employed Segment. QuickBooks is the leading small business financial management software in the U.S. Our small business desktop products and services face competitive challenges from companies such as The Sage Group plc, which offers software and associated services that directly target small business customers. Our small business online products and services face competition from online accounting offerings from companies such as Xero and FreshBooks, free or low-cost online accounting offerings, and free online banking and bill payment services offered by financial institutions and others. In our payroll business we compete directly with Automatic Data Processing, Inc. (ADP), Paychex, Gusto, and many other companies with payroll offerings, including online payroll offerings. In our merchant services business we compete directly with large financial institutions such as Wells Fargo, JP Morgan Chase, and Bank of America and with many payment processors, including First Data Corporation, Elavon, Global Payments, Fidelity National Information Services, PayPal, and Square.

Consumer Segment. In our Consumer segment, our future growth depends on our ability to attract new customers to the self-preparation tax category or to our new assisted offering, TurboTax Live, from tax stores and other tax preparers. In the U.S. private sector we face intense competition from H&R Block, which provides tax preparation services in its stores and a competing software offering. We also face competition from several other large tax preparation service providers, from a myriad of small tax preparers, and from numerous online self-preparation offerings, including Blucora's TaxAct and Credit Karma. Some of these competitors are offering electronic tax preparation and filing services at no cost to individual taxpayers. In Canada, our TurboTax Canada offerings face competition from H&R Block, SimpleTax, StudioTax, and UFile. These competing offerings subject us to significant price pressure in both the U.S. and Canada.

We also face competitive challenges from government entities that offer publicly funded electronic tax preparation and filing services with no fees to individual taxpayers. We are a member of the Free File Alliance, a consortium of private sector companies that has entered into an agreement with the federal government. Under this agreement, the member companies provide online federal tax preparation and filing services to eligible users at no cost to the government or individual users, and the federal government has agreed not to provide a duplicative or competing service. Approximately 23 states have also adopted Free File Alliance public-private agreements while approximately 19 other states offer some form of direct government tax preparation and filing services with no fees to qualified taxpayers. We continue to actively work with others in the private and public sectors to advance the goals of the Free File Alliance policy initiative and to support successful public-private partnerships that reinforce the voluntary compliance tax system. However, future administrative, regulatory, or

Intuit Fiscal 2018 Form 10-K 9

Tables of Contents

legislative activity in this area could seek to replace the voluntary compliance tax system with return preparation by government agencies which could harm our Consumer business.

Strategic Partner Segment. In the U.S., Lacerte professional tax offerings face competition from competitively-priced tax and accounting solutions that include integration with non-tax functionality. These include CCH's ProSystems fx Office Suite and Thomson Reuters' CS Professional Suite and GoSystems Tax. Our ProSeries professional tax offerings face competition from CCH's ATX and TaxWise offerings, Drake, and other smaller providers. In Canada, our ProFile professional tax offerings face competition from CCH's Cantax and Taxprep offerings, TaxCycle, and Thomson Reuters' DTMax and UFile Pro offerings. We also face growing competition from online tax and accounting offerings in the U.S. and Canada, which may be marketed more effectively or have lower pricing than our offerings for accounting professionals.

Competitive Factors

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

For our service offerings such as small business payroll and merchant payment processing, we believe the most important competitive factors are functionality, ease of use, high availability, security, the integration of these products with related software, brand name recognition, effective distribution, quality of support, and cost.

CUSTOMER SERVICE AND TECHNICAL SUPPORT

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

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

MANUFACTURING AND DISTRIBUTION

Online Products and Services

Our online offerings include QuickBooks Online, online payroll services, merchant payment processing services, TurboTax Online, ProConnect Tax Online, consumer and professional electronic tax filing services, Mint, and Turbo. We continue to execute on a multi-year plan to transition the systems, networks and databases required to operate these online offerings to Amazon Web Services (AWS). Currently, several of our core online offerings are using AWS. The remaining online offerings are housed in data centers located in geographically diverse locations. As our businesses continue to move toward delivering personalized experiences, trusted open platforms and indispensable connections, we expect that our infrastructure will become even more critical to our business in the future.

Desktop Software and Supplies

Although an increasing proportion of our desktop software customers choose to electronically download software, many customers continue to choose to purchase these products in the form of physical media. The key processes in manufacturing desktop software are manufacturing compact discs (CDs) and digital video discs (DVDs), printing boxes and related materials, and assembling and shipping the final products.

For retail manufacturing, we have an agreement with Arvato Digital Services, Inc. (Arvato), a division of Bertelsmann AG, under which Arvato provides a majority of the manufacturing volume for our launches of QuickBooks and TurboTax, as well as for day-to-day replenishment after product launches. Arvato has operations in multiple locations that can provide redundancy if necessary.

Intuit Fiscal 2018 Form 10-K 10

Tables of Contents

For retail distribution, we have an agreement with Arvato under which Arvato handles all logistics services. Our retail product launches are operationally complex. Our model for product delivery for retail launches and replenishment is a hybrid of direct to store deliveries and shipments to central warehouse locations. This allows improved inventory management by our retailers. We also ship products for many of our smaller retail customers through distributors.

Arvato also provides most of the manufacturing volume and distribution services for our direct desktop software orders. We have an exclusive agreement with Harland Clarke, a division of M&F Worldwide Corporation, to fulfill orders for all of our printed checks and most other products for our financial supplies business.

We have multiple sources for all of our raw materials and availability has historically not been a significant problem for us. We continue to see consolidation among CD/DVD suppliers and reduced demand overall for this media type. As a result, we believe CD/DVD media may become more difficult and more costly to obtain in the near future.

Customers typically receive desktop software electronically. However, when physical product is ordered, we typically ship the physical product within a few days of receiving an order and backlog is minimal.

PRIVACY AND SECURITY OF CUSTOMER AND EMPLOYEE INFORMATION AND TRANSACTIONS

We are stewards of our customers' data and have designed data stewardship principles to align our organization in collecting, using and protecting such information. As we believe strongly in being good stewards of our customers' data, we operate our program to comply with laws and regulations that regulate our use and protection of customers' personal information, including, for example, laws with respect to financial services and the handling of tax data. We have established guidelines and practices to help ensure that customers and employees are aware of, and can control, how we use information about them. We also use privacy statements to provide notice to customers of our privacy practices, as well as provide them the opportunity to furnish instructions with respect to use of their personal information. We participate in industry groups whose purpose is to develop or shape industry best practices, and to inform public policy for privacy and security.

We use security safeguards to help protect the systems and the information customers and employees give to us from loss, misuse and unauthorized alteration. We use technical, logical and procedural measures, such as multi-factor authentication, which are designed to help detect and prevent fraud and misuse of customer information. Whenever customers transmit sensitive information to us, such as credit card information or tax return data, through one of our websites or products, we follow current industry standards to encrypt the data as it is transmitted to us, and when we store it at rest. We routinely patch our systems with security updates and we work to protect our systems from unauthorized internal or external access using numerous commercially available computer security products as well as internally developed security procedures and practices.

GOVERNMENT REGULATION

Our Consumer and Strategic Partner segments are subject to federal and state government requirements, including regulations related to the electronic filing of tax returns, the provision of tax preparer assistance, and the use and disclosure of customer information. In addition, our Small Business & Self-Employed segment offers products and services to small businesses and consumers, such as payroll, payments, and financing, which are also subject to certain regulatory requirements.

INTELLECTUAL PROPERTY

Our success depends on the proprietary technology embodied in our offerings. We protect this proprietary technology by relying on a variety of intellectual property mechanisms, including copyright, patent, trade secret and trademark laws, restrictions on disclosure and other methods. For example, we regularly file applications for patents, copyrights and trademarks and service marks in order to protect intellectual property that we believe is important to our business. We hold a growing patent portfolio that we believe is important to Intuit's overall competitive advantage, although we are not materially dependent on any one patent or particular group of patents in our portfolio at this time. We also have a number of registered trademarks that include Intuit, QuickBooks, Lacerte, TurboTax, QB, ProSeries, ProConnect, and Mint. We have registered these and other trademarks and service marks in the United States and, depending on the relevance of each brand to other markets, in many foreign countries. Most registrations can be renewed perpetually at 10-year intervals. We also license intellectual property from third parties for use in our products.

Although our portfolio of patents is growing, the patents that have been issued to us could be determined to be invalid and may not be enforceable against competitive products in every jurisdiction. In addition, third parties have asserted and may, in the future, assert infringement claims against us and our customers. These claims and any litigation may result in invalidation of our proprietary rights or a finding of infringement along with an assessment of damages. Litigation, even if without merit, could result in substantial costs and diversion of resources and management attention. In addition, third-party licenses may not continue to be available to us on commercially acceptable terms, or at all.

Intuit Fiscal 2018 Form 10-K 11

Tables of Contents

EMPLOYEES

As of July 31, 2018, we had approximately 8,900 full-time employees in major offices in the United States, Canada, India, the United Kingdom, Israel, Australia and other locations. We also employ a significant number of seasonal and contract employees during the second and third quarters of our fiscal years to support our Consumer segment customers. For example, at the peak of the 2017 tax season, we employed approximately 2,400 seasonal employees. We believe our future success and growth will depend on our ability to attract and retain qualified employees in all areas of our business. We do not currently have any collective bargaining agreements with our employees, and we believe employee relations are generally good. Although we have employment-related agreements with a number of key employees, these agreements do not guarantee continued service. We believe we offer competitive compensation and a good working environment. We were named one of *Fortune* magazine's "100 Best Companies to Work For" in each of the last seventeen years. However, we face intense competition for qualified employees, and we expect to face continuing challenges in recruiting and retention.

[Intuit Fiscal 2018 Form 10-K 12](#)

Tables of Contents**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 50 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 2020. 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

[Intuit Fiscal 2018 Form 10-K 13](#)

Tables of Contents

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

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(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

[Intuit Fiscal 2018 Form 10-K 14](#)

Tables of Contents

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.

Tables of Contents

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.

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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

[Intuit Fiscal 2018 Form 10-K 16](#)

Tables of Contents

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.

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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

[Intuit Fiscal 2018 Form 10-K 17](#)

Tables of Contents

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.

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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.

[Intuit Fiscal 2018 Form 10-K 18](#)

Tables of Contents

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 repackaging 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;

[Intuit Fiscal 2018 Form 10-K 19](#)

Tables of Contents

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. As 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.

Tables of Contents

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 3, "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

Intuit Fiscal 2018 Form 10-K 21

Tables of Contents

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 Tax Cuts and Jobs Act (2017 Tax Act). The 2017 Tax Act introduces significant changes to U.S. income tax law. Accounting for the income tax effects of the 2017 Tax Act requires significant judgments and estimates as well as accumulation of information not previously provided for in U.S. tax law. As additional regulatory guidance is issued by the applicable taxing authorities, our analysis may change, which could materially affect our tax obligations and effective tax rate. Further, 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

[Intuit Fiscal 2018 Form 10-K 22](#)

Tables of Contents

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 credit 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. 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 statement of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. At July 31, 2018, we had \$1.6 billion in goodwill and \$61 million in net acquired intangible assets on our 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 \$438 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 July 31, 2018, \$438 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.

[Intuit Fiscal 2018 Form 10-K 23](#)

Tables of Contents***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 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

Our principal locations, their purposes, and the expiration dates for the leases on facilities at those locations as of July 31, 2018 are shown in the table below. We have renewal options on many of our leases.

Location	Purpose	Approximate Square Feet	Principal Lease Expiration Dates
Mountain View, California	Corporate headquarters and principal offices for Small Business & Self-Employed segment	487,000	2024 - 2026
Mountain View, California	Corporate headquarters and principal offices for Small Business & Self-Employed segment	225,000	Owned
San Diego, California	Principal offices for Consumer segment	466,000	Owned
Bangalore, India	Principal offices for Intuit India	427,000	2020 - 2022
Woodland Hills, California	Principal offices for Small Business & Self-Employed payment solutions business	221,000	2018 - 2021
Menlo Park, California	Subleased office space	210,000	2025
San Francisco, California	General office space	202,000	2025
Plano, Texas	Principal offices for Strategic Partner segment and data center	166,000	2026

We also lease or own facilities in a number of smaller domestic locations and lease facilities internationally in Canada, the United Kingdom, Singapore, Australia, Israel, and several other locations. We believe our facilities are suitable and adequate for our current and near-term needs, and that we will be able to locate additional facilities as needed. See Note 9 to the financial statements in Item 8 of this Annual Report for more information about our lease commitments.

Tables of Contents

ITEM 3 - LEGAL PROCEEDINGS

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, which is subject to preliminary and final approval by the court. On August 23, 2018, the parties filed a motion for preliminary approval of the settlement. A preliminary approval hearing is scheduled to be heard on October 4, 2018. The terms of the proposed 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.

ITEM 4 - MINE SAFETY DISCLOSURES

None.

[Intuit Fiscal 2018 Form 10-K 25](#)

Tables of Contents**PART II****ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*****Market Information for Common Stock***

Intuit's common stock is quoted on the Nasdaq Global Select Market under the symbol "INTU." The following table shows the range of high and low sale prices reported on the Nasdaq Global Select Market for the periods indicated. The closing price of Intuit's common stock on August 24, 2018 was \$216.63.

	High	Low
Fiscal year ended July 31, 2017		
First quarter	\$114.06	\$106.34
Second quarter	120.55	103.22
Third quarter	128.45	111.90
Fourth quarter	143.81	124.22

Fiscal year ended July 31, 2018

First quarter	\$153.86	\$133.60
Second quarter	170.59	150.55
Third quarter	188.56	150.43
Fourth quarter	219.46	183.02

Stockholders

As of August 24, 2018 we had approximately 440 record holders and approximately 228,000 beneficial holders of our common stock.

Dividends

We declared and paid quarterly cash dividends that totaled \$1.56 per share of outstanding common stock or \$407 million during fiscal 2018; \$1.36 per share of outstanding common stock or \$353 million during fiscal 2017; and \$1.20 per share of outstanding common stock or \$318 million during fiscal 2016. In August 2018 our Board of Directors declared a quarterly cash dividend of \$0.47 per share of outstanding common stock payable on October 18, 2018 to stockholders of record at the close of business on October 10, 2018. We currently expect to continue to pay comparable cash dividends on a quarterly basis in the future; 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.

Recent Sales of Unregistered Securities

None.

Tables of Contents**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Stock repurchase activity during the three months ended July 31, 2018 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
May 1, 2018 through May 31, 2018	—	\$—	—	\$1,249,190,341
June 1, 2018 through June 30, 2018	—	\$—	—	\$1,249,190,341
July 1, 2018 through July 31, 2018	—	\$—	—	\$1,249,190,341
Total	—	\$—	—	

Note: On August 19, 2016 we announced a plan under which we are authorized to repurchase up to \$2 billion of our common stock. At July 31, 2018, authorization from our Board of Directors to expend up to \$1.2 billion remained available under that plan. 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, bringing the total authorization to \$3.2 billion.

Intuit Fiscal 2018 Form 10-K 27

Tables of Contents**Company Stock Price Performance**

The graph below compares the cumulative total stockholder return on Intuit common stock for the last five full fiscal years with the cumulative total returns on the S&P 500 Index and the Morgan Stanley Technology Index for the same period. The graph assumes that \$100 was invested in Intuit common stock and in each of the other indices on July 31, 2013 and that all dividends were reinvested. The comparisons in the graph below are based on historical data – with Intuit common stock prices based on the closing price on the dates indicated – and are not intended to forecast the possible future performance of Intuit’s common stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN***Among Intuit Inc., the S&P 500 Index,
and Morgan Stanley Technology Index**

*\$100 invested on 7/31/13 in stock or index, including reinvestments of dividends.

Fiscal year ending July 31.

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	July 31, 2013	July 31, 2014	July 31, 2015	July 31, 2016	July 31, 2017	July 31, 2018
Intuit Inc.	\$ 100.00	\$ 129.56	\$ 168.99	\$ 179.46	\$ 224.43	\$ 337.16
S&P 500	\$ 100.00	\$ 116.94	\$ 130.05	\$ 137.35	\$ 159.38	\$ 185.26
Morgan Stanley Technology Index	\$ 100.00	\$ 128.42	\$ 144.43	\$ 161.79	\$ 206.73	\$ 272.62

[Intuit Fiscal 2018 Form 10-K 28](#)

Tables of Contents**ITEM 6 - SELECTED FINANCIAL DATA**

The following tables show Intuit's selected financial information for the past five fiscal years. The comparability of the information is affected by a variety of factors, including acquisitions and divestitures of businesses, issuance and repayment of debt, share-based compensation expense, amortization of acquired technology and other acquired intangible assets, repurchases of common stock under our stock repurchase programs, and the payment of cash dividends.

In fiscal 2014, fiscal 2015, and fiscal 2018 we acquired several companies and we have included the results of operations for each of them in our consolidated results of operations from their respective dates of acquisition. In fiscal 2014 we completed the sales of our Intuit Financial Services and Intuit Health businesses. In fiscal 2016 we completed the sales of our Demandforce, QuickBase, and Quicken businesses. We accounted for all of these businesses as discontinued operations and have therefore reclassified our statements of operations for all periods presented below to reflect them as such. We have also reclassified our balance sheets for all periods presented below to reflect Intuit Financial Services, Demandforce, QuickBase, and Quicken as discontinued operations. The net assets of Intuit Health were not significant, so we have not reclassified our balance sheets for any period presented below to reflect them as discontinued operations.

To better understand the information in these tables, investors should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report, and the financial statements and related notes in Item 8 of this Annual Report, especially Note 7, "Discontinued Operations."

Consolidated Statement of Operations Data*(In millions, except per share amounts)*

	Fiscal				
	2018	2017	2016	2015	2014
Total net revenue	\$ 5,964	\$ 5,177	\$ 4,694	\$ 4,192	\$ 4,243
Total costs and expenses	4,467	3,782	3,452	3,454	2,943
Operating income from continuing operations	1,497	1,395	1,242	738	1,300
Total share-based compensation expense included in total costs and expenses	382	326	278	242	186
Net income from continuing operations	1,211	971	806	413	853
Net income (loss) from discontinued operations	—	—	173	(48)	54
Net income	1,211	971	979	365	907
Net income per common share:					
Basic net income per share from continuing operations	\$ 4.72	\$ 3.78	\$ 3.08	\$ 1.47	\$ 2.99
Basic net income (loss) per share from discontinued operations	—	—	0.65	(0.17)	0.19
Basic net income per share	\$ 4.72	\$ 3.78	\$ 3.73	\$ 1.30	\$ 3.18
Diluted net income per share from continuing operations	\$ 4.64	\$ 3.72	\$ 3.04	\$ 1.45	\$ 2.94
Diluted net income (loss) per share from discontinued operations	—	—	0.65	(0.17)	0.18
Diluted net income per share	\$ 4.64	\$ 3.72	\$ 3.69	\$ 1.28	\$ 3.12
Dividends declared per common share	\$ 1.56	\$ 1.36	\$ 1.20	\$ 1.00	\$ 0.76

Tables of Contents

Consolidated Balance Sheet Data <i>(In millions)</i>	At July 31,				
	2018	2017	2016	2015	2014
Cash, cash equivalents and investments	\$1,716	\$ 777	\$1,080	\$1,697	\$1,914
Long-term investments	13	31	28	27	31
Working capital (deficit)	288	(529)	(637)	816	1,200
Total assets	5,178	4,068	4,250	4,968	5,201
Short-term debt	50	50	512	—	—
Long-term debt	388	438	488	500	499
Other long-term obligations	123	130	146	172	166
Total stockholders' equity	2,354	1,354	1,161	2,332	3,078

Intuit Fiscal 2018 Form 10-K 30

Tables of Contents

ITEM 7 - 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:** Policies and estimates 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 statements of cash flows, changes in our 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 Item 8 of this Annual Report. 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 acquisitions.

In August 2017, we aligned our segment reporting for fiscal 2018 with our core customers and business partners. The Consumer Ecosystem offering moved from the Small Business segment into the Consumer Tax segment. The company also renamed the Small Business, Consumer Tax, and ProConnect segments as the Small Business & Self-Employed, Consumer, and Strategic Partner segments, respectively. The Strategic Partner segment will continue to manage our professional tax offerings. We have reclassified certain amounts related to our reportable segments previously reported in our financial statements to conform to the current presentation. See Note 14 to the financial statements in Item 8 of this Annual Report for more information.

In fiscal 2016 we completed the sales of our Demandforce, QuickBase, and Quicken businesses. We have reclassified our statements of operations for fiscal 2016 to reflect all of these businesses as discontinued operations. Because the cash flows of these discontinued operations were not material, we have not segregated them on our statements of cash flows. See "Results of Operations – Non-Operating Income and Expense – Discontinued Operations" later in this Item 7 for more information. Unless otherwise noted, the following discussion pertains to our continuing operations.

This overview provides a high level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results for fiscal 2018 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 Annual Report on Form 10-K.

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 offerings have significant seasonal patterns. As a result, during each of the last three fiscal years the total consolidated revenue for our third quarter ended April 30 has represented nearly half of our annual total consolidated revenue for those years. We expect the seasonality of our Consumer business to continue to have a significant impact on our quarterly financial results in the future.

Intuit Fiscal 2018 Form 10-K 31

Tables of Contents

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 I of this Report.

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 \$4.5 billion or 75% 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 fiscal 2018 include the following:

Revenue of	Small Business & Self-Employed revenue of	Consumer revenue of
\$6.0 B	\$3.0 B	\$2.5 B
up 15% from fiscal 2017	up 18% from fiscal 2017	up 14% from fiscal 2017
Operating income of	Net income of	Diluted net income per share of
\$1.5 B	\$1.2 B	\$4.64
up 7% from fiscal 2017	up 25% from fiscal 2017	up 25% from fiscal 2017

Tables of Contents

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), we are required to make estimates, assumptions, and judgments that can have a significant impact on our net revenue, operating income or loss and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet. We believe that the estimates, assumptions, and judgments involved in the following accounting policies have the greatest potential impact on our consolidated financial statements, so we consider these to be our critical accounting policies:

Revenue Recognition

Business Combinations

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

- Accounting for Share-Based Compensation Plans

Legal Contingencies

Accounting for Income Taxes – Estimates of Deferred Taxes, Valuation Allowances, and Uncertain Tax Positions

Our senior management has reviewed the development and selection of these critical accounting policies and their disclosure in this Annual Report on Form 10-K with the Audit and Risk Committee of our Board of Directors.

Revenue Recognition

We derive revenue from the sale of software subscriptions, hosted services, packaged software products, financial supplies, technical support plans, transaction fees, merchant services hardware, and multiple element arrangements that may include a combination of these items. We follow the appropriate revenue recognition rules for each type of revenue. For additional information, see “Revenue Recognition” in Note 1 to the financial statements in Item 8 of this Annual Report. We generally recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves exercising judgment and using estimates that can have a significant impact on the timing and amount of revenue we report. For example, for multiple element arrangements containing only software and software-related elements, we must exercise judgment and use estimates in order to (1) allocate the total price among the various elements we must deliver; (2) determine whether undelivered services are essential to the functionality of the delivered products and services; (3) determine whether vendor-specific evidence of fair value exists for each undelivered element; and (4) determine whether and when each element has been delivered. For multiple element arrangements containing non-software elements, we must exercise judgment and use estimates in order to (1) determine whether and when each element has been delivered; (2) determine the fair value of each element using the selling price hierarchy of vendor-specific evidence of fair value (VSOE) if available, third-party evidence (TPE) if VSOE is not available, and estimated selling price (ESP) if neither VSOE nor TPE is available; and (3) allocate the total price among the various elements based on the relative selling price method. If we were to change any of these judgments or estimates, it could cause a material increase or decrease in the amount of revenue that we report in a particular period. Amounts for fees collected or invoiced and due relating to arrangements where revenue cannot be recognized are reflected on our balance sheet as deferred revenue and recognized when the applicable revenue recognition criteria are satisfied.

Business Combinations

As described in “Description of Business and Summary of Significant Accounting Policies – Business Combinations,” in Note 1 to the financial statements in Item 8 of this Annual Report, under the acquisition method of accounting we generally recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree at their fair values as of the date of acquisition. We measure goodwill as the excess of consideration transferred, which we also measure at fair value, over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. The acquisition method of accounting requires us to exercise judgment and make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of identifiable intangible assets, deferred tax asset valuation allowances, liabilities related to uncertain tax positions, and contingencies. This method also requires us to refine these estimates over a one-year measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to retroactively adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could materially decrease our operating income and net income and result in lower asset values on our balance sheet.

Significant estimates and assumptions that we must make in estimating the fair value of acquired technology, customer lists, and other identifiable intangible assets include future cash flows that we expect to generate from the acquired assets. If the subsequent actual results and updated projections of the underlying business activity

change compared with the assumptions and projections used to develop these values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed.

[Intuit Fiscal 2018 Form 10-K 33](#)

Tables of Contents

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

We estimate the fair value of acquired intangible assets and other long-lived assets that have finite useful lives whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable. We test for potential impairment of goodwill and other intangible assets that have indefinite useful lives annually in our fourth fiscal quarter or whenever indicators of impairment arise. The timing of the annual test may result in charges to our statement of operations in our fourth fiscal quarter that could not have been reasonably foreseen in prior periods.

As described in “*Description of Business and Summary of Significant Accounting Policies – Goodwill, Acquired Intangible Assets and Other Long-Lived Assets*,” in Note 1 to the financial statements in Item 8 of this Annual Report, in order to estimate the fair value of goodwill we use a weighted combination of a discounted cash flow model (known as the income approach) and comparisons to publicly traded companies engaged in similar businesses (known as the market approach). The income approach requires us to use a number of assumptions, including market factors specific to the business, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time, long-term growth rates for the business, and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. We evaluate cash flows at the reporting unit level. Although the assumptions we use in our discounted cash flow model are consistent with the assumptions we use to generate our internal strategic plans and forecasts, significant judgment is required to estimate the amount and timing of future cash flows from each reporting unit and the relative risk of achieving those cash flows. When using the market approach, we make judgments about the comparability of publicly traded companies engaged in similar businesses. We base our judgments on factors such as size, growth rates, profitability, risk, and return on investment. We also make judgments when adjusting market multiples of revenue, operating income, and earnings for these companies to reflect their relative similarity to our own businesses. We had a total of \$1.6 billion in goodwill on our balance sheet at July 31, 2018. See Note 5 to the financial statements in Item 8 of this Annual Report for a summary of goodwill by reportable segment.

We estimate the recoverability of acquired intangible assets and other long-lived assets that have finite useful lives by comparing the carrying amount of the asset to the future undiscounted cash flows that we expect the asset to generate. In order to estimate the fair value of those assets, we estimate the present value of future cash flows from those assets. The key assumptions that we use in our discounted cash flow model are the amount and timing of estimated future cash flows to be generated by the asset over an extended period of time and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. Significant judgment is required to estimate the amount and timing of future cash flows and the relative risk of achieving those cash flows. We also make judgments about the remaining useful lives of acquired intangible assets and other long-lived assets that have finite lives. We had a total of \$61 million in net acquired intangible assets on our balance sheet at July 31, 2018.

Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. For example, if our future operating results do not meet current forecasts or if we experience a sustained decline in our market capitalization that is determined to be indicative of a reduction in fair value of one or more of our reporting units, we may be required to record future impairment charges for goodwill and acquired intangible assets. Impairment charges could materially decrease our future net income and result in lower asset values on our balance sheet.

During the fourth quarters of fiscal 2018, fiscal 2017, and fiscal 2016 we performed our annual goodwill impairment tests. Using the methodology described in “*Description of Business and Summary of Significant Accounting Policies – Goodwill, Acquired Intangible Assets and Other Long-Lived Assets*,” in Note 1 to the financial statements in Item 8 of this Annual Report, we determined that the estimated fair values of all of our reporting units exceeded their carrying values and that they were not impaired. In addition, during this analysis we concluded that the estimated fair values of all of our reporting units substantially exceeded their carrying values.

Accounting for Share-Based Compensation Plans

At July 31, 2018, there was \$882 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans which we will amortize to expense in the future. We expect to recognize that cost over a weighted average vesting period of 2.7 years. We use a lattice binomial model and the assumptions described in Note 11 to the financial statements in Item 8 of this Annual Report to estimate the fair value of stock options granted. We estimate the expected term of options granted based on implied exercise patterns using a binomial model. We estimate the volatility of our common stock at the date of grant based on the implied volatility of publicly traded one-year and two-year options on our common stock. Our decision to use implied volatility is based upon the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility. We base the risk-free interest rate that we use in our option valuation model on the implied

yield in effect at the time of option grant on constant maturity U.S. Treasury issues with equivalent remaining terms. We use an annualized expected dividend yield in our option valuation model. We adjust share-based compensation expense for actual forfeitures as they occur. Prior to our adoption of ASU 2016-09 in the first quarter of fiscal 2017, we estimated forfeitures at the time of grant and revised those estimates in subsequent periods if actual forfeitures differed from those estimates. We amortize the fair value of options on a straight-line basis over the requisite

[Intuit Fiscal 2018 Form 10-K 34](#)

Tables of Contents

service periods of the awards, which are generally the vesting periods. We may elect to use different assumptions under our option valuation model in the future, which could materially affect our net income or loss and net income or loss per share.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method. We amortize the fair value of time-based RSUs on a straight-line basis over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria will be met. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte Carlo valuation methodology and amortize those fair values over the requisite service period for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria. All of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we do not adjust the intrinsic (market) value of our RSUs for dividends. See Note 11 to the financial statements in Item 8 of this Annual Report for more information.

Legal Contingencies

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

Accounting for Income Taxes – Estimates of Deferred Taxes, Valuation Allowances, and Uncertain Tax Positions

We estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our worldwide income tax provision. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the United States Internal Revenue Service or other taxing jurisdictions. We estimate our current tax liability and assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense in our statement of operations.

At July 31, 2018, we had net deferred tax assets of \$80 million which included a valuation allowance of \$93 million for loss and tax credit carryforwards related to state research and experimentation tax credits, foreign losses, and state operating and capital losses. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. While we believe our current valuation allowance is sufficient, we could in the future be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. We assess the need for an adjustment to the valuation allowance on a quarterly basis. The assessment is based on our estimates of future sources of taxable income for the jurisdictions in which we operate and the periods over which our deferred tax assets will be realizable. See Note 10 to the financial statements in Item 8 of this Annual Report for more information.

We recognize and measure benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not of being sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50%

likely of being realized upon settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a quarterly basis. Our evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change, which could have a material impact on our effective tax rate and operating results.

[Intuit Fiscal 2018 Form 10-K 35](#)

Tables of Contents

The Tax Cuts and Jobs Act significantly changes existing U.S. tax law and includes numerous provisions that affect our business. See Note 10 to the financial statements in Item 8 of this Annual Report for more information.

(Dollars in millions, except per share amounts)

	Fiscal 2018	Fiscal 2017	Fiscal 2016	2018-2017 % Change	2017-2016 % Change
Total net revenue	\$5,964	\$5,177	\$4,694	15 %	10 %
Operating income from continuing operations	1,497	1,395	1,242	7 %	12 %
Net income from continuing operations	1,211	971	806	25 %	20 %
Diluted net income per share from continuing operations	\$4.64	\$3.72	\$3.04	25 %	22 %

Fiscal 2018 Compared with Fiscal 2017

Total net revenue increased \$787 million or 15% in fiscal 2018 compared with fiscal 2017. Our Small Business & Self-Employed segment revenue increased 18% due to growth in the Online Ecosystem driven by customer acquisition. Our Consumer segment revenue increased 14% due to a higher average revenue per customer, growth in TurboTax federal units, and a shift in mix to our higher end product offerings. See “*Segment Results*” later in this Item 7 for more information.

Operating income from continuing operations increased 7% in fiscal 2018 compared with fiscal 2017. The increase was due to the higher revenue described above partially offset by higher costs for staffing, advertising and other marketing programs, outside services, and share-based compensation. We also recorded a \$79 million loss related to the sale of our data center in Quincy, Washington in the 2018 period.

Net income from continuing operations increased 25% in fiscal 2018 compared with fiscal 2017 due to the increase in operating income described above and a lower effective tax rate in fiscal 2018 as a result of the Tax Cuts and Jobs Act (2017 Tax Act). The net income for fiscal 2018 includes tax benefits related to share-based compensation and the reorganization of a subsidiary during the year which were partially offset by a charge related to the re-measurement of our deferred tax asset balances as a result of the enactment of the 2017 Tax Act. See Note 10 to the financial statements in Item 8 of this Annual Report for more information. Diluted net income per share increased 25% to \$4.64, in line with the increase in net income.

Fiscal 2017 Compared with Fiscal 2016

Total net revenue increased \$483 million or 10% in fiscal 2017 compared with fiscal 2016. Revenue in our Small Business & Self-Employed segment increased 13% due to growth in Online Ecosystem revenue and the impact of the changes to our QuickBooks Desktop software products. Starting with the release of QuickBooks 2015 in the first quarter of fiscal 2015, and for all subsequent versions, we began delivering ongoing enhancements and certain connected services for our QuickBooks Desktop software products. We plan to continue to provide ongoing enhancements and certain connected services for all future versions of these offerings. As a result of these changes, we recognize revenue for these QuickBooks Desktop software products as services are provided over approximately three years. Revenue in our Consumer segment increased 9% due to growth in TurboTax federal units and a shift in mix to the higher end of our product lineup. Revenue in our Strategic Partner segment increased 2% to \$437 million in fiscal 2017. See “*Segment Results*” later in this Item 7 for more information.

Operating income from continuing operations increased 12% in fiscal 2017 compared with fiscal 2016 due to the increase in revenue described above. Higher revenue was partially offset by higher costs and expenses for staffing, advertising and other marketing programs, and share-based compensation. See “*Operating Expenses*” later in this Item 7 for more information.

Net income from continuing operations increased 20% in fiscal 2017 compared with fiscal 2016 due to the increase in operating income and a lower effective tax rate in the fiscal 2017 period. See “*Non-Operating Income and Expenses - Income Taxes*” later in this Item 7 for more information. Diluted net income per share from continuing operations for fiscal 2017 increased 22% to \$3.72 as a result of the increase in net income and the decline in weighted average diluted common shares compared with fiscal 2016.

Tables of Contents

The information below is organized in accordance with our three reportable segments. 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 is segment net revenue less segment cost of revenue and operating expenses. Segment expenses do not include certain costs, such as corporate selling and marketing, product development, general and administrative expenses and share-based compensation expenses, which are not allocated to specific segments. These unallocated costs totaled \$1.62 billion in fiscal 2018, \$1.32 billion in fiscal 2017, and \$1.18 billion in fiscal 2016. Unallocated costs increased in fiscal 2018 compared with fiscal 2017 and in fiscal 2017 compared with fiscal 2016 due to increased corporate product development and selling and marketing 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. See Note 14 to the financial statements in Item 8 of this Annual Report for reconciliations of total segment operating income to consolidated operating income from continuing operations for each fiscal year presented.

We calculate revenue growth rates and segment operating margin figures using dollars in thousands. Those results may vary slightly from figures calculated using the dollars in millions presented.

[Intuit Fiscal 2018 Form 10-K 37](#)

Tables of Contents

Small Business & Self-Employed segment product revenue is derived primarily from QuickBooks Desktop software products, including Desktop Pro, Desktop for Mac, Desktop Premier, and Enterprise; QuickBooks Basic Payroll and QuickBooks Enhanced Payroll; QuickBooks Point of Sale solutions; ProAdvisor Program memberships for the accounting professionals who serve small businesses; and financial supplies.

Small Business & Self-Employed segment service and other revenue is derived primarily from our QuickBooks Online and QuickBooks Self-Employed financial and business management offerings; QuickBooks Desktop Pro Plus, QuickBooks Desktop Premier Plus, and QuickBooks Enterprise with Hosting, our subscription offerings; QuickBooks Enterprise term licenses and QuickBooks technical support plans; small business payroll services, including QuickBooks Online Payroll, Intuit Online Payroll, QuickBooks Assisted Payroll, and Intuit Full Service Payroll; and payment processing services for small businesses.

<i>(Dollars in millions)</i>	Fiscal 2018	Fiscal 2017	Fiscal 2016	2018-2017 % Change	2017-2016 % Change
Product revenue	\$ 854	\$ 789	\$ 709		
Service and other revenue	2,140	1,750	1,512		
Total segment revenue	\$ 2,994	\$ 2,539	\$ 2,221	18 %	14 %
% of total revenue	50 %	49 %	47 %		
Segment operating income	\$ 1,257	\$ 1,072	\$ 879	17 %	22 %
% of related revenue	42 %	42 %	40 %		

Fiscal 2018 Compared with Fiscal 2017

Revenue for our Small Business & Self-Employed segment increased \$455 million or 18% in fiscal 2018 compared with fiscal 2017. The increase was primarily due to growth in Online Ecosystem revenue.

Online Ecosystem

Online Ecosystem revenue increased \$340 million or 40% in fiscal 2018 compared with fiscal 2017. The revenue growth was driven by customer acquisition. At July 31, 2018 QuickBooks Online subscribers were 3.4 million, up 43% compared to July 31, 2017. Online Services revenue increased 24% due to customer growth in online payroll and payments.

Desktop Ecosystem

Desktop Ecosystem revenue increased \$115 million or 7% in fiscal 2018 compared with fiscal 2017, driven by growth in QuickBooks Enterprise subscribers and average revenue per customer. QuickBooks Desktop units declined 15%.

Small Business & Self-Employed segment operating income increased 17% in fiscal 2018 compared with fiscal 2017 due to the higher revenue described above which was partially offset by higher expenses for staffing, advertising, and other marketing programs.

Tables of Contents

Fiscal 2017 Compared with Fiscal 2016

Revenue for our Small Business & Self-Employed segment increased \$318 million or 14% in fiscal 2017 compared with fiscal 2016. The increase was primarily due to growth in Online Ecosystem revenue.

Online Ecosystem

Online Ecosystem revenue increased \$196 million or 30% in fiscal 2017 compared with fiscal 2016. The revenue growth was driven by customer acquisition. At July 31, 2017 QuickBooks Online subscribers were 2.4 million, up 58% compared to July 31, 2016. Online Services revenue increased 17% due to customer growth in online payroll and payments.

Desktop Ecosystem

Desktop Ecosystem revenue increased \$122 million or 8% in fiscal 2017 compared with fiscal 2016. In fiscal 2017, revenue from our QuickBooks Desktop software products and QuickBooks Desktop subscriptions increased 32% due to the impact of changes to our QuickBooks Desktop software products described in “Financial Overview” above, and to growth in QuickBooks Enterprise subscribers and average revenue per customer. QuickBooks Desktop units declined 8%.

Small Business & Self-Employed segment operating income increased 22% in fiscal 2017 compared with fiscal 2016 due to the higher revenue described above which was partially offset by higher expenses for staffing, advertising and other marketing programs, and outside services.

Intuit Fiscal 2018 Form 10-K 39

Tables of Contents

Consumer segment product revenue is derived primarily from TurboTax desktop tax return preparation software. Consumer segment service and other revenue is derived primarily from TurboTax Online tax return preparation services and electronic tax filing services, and also from our Mint and Turbo offerings.

<i>(Dollars in millions)</i>	Fiscal 2018	Fiscal 2017	Fiscal 2016	2018-2017 % Change		2017-2016 % Change	
Product revenue	\$ 237	\$ 225	\$ 226				
Service and other revenue	2,280	1,976	1,819				
Total segment revenue	\$ 2,517	\$ 2,201	\$ 2,045	14	%	8	%
% of total revenue	42	% 43	% 44				
Segment operating income	\$ 1,596	\$ 1,395	\$ 1,304	14	%	7	%
% of related revenue	63	% 63	% 64				

Fiscal 2018 Compared with Fiscal 2017

Revenue for our Consumer segment increased \$316 million or 14% in fiscal 2018 compared with fiscal 2017 due to a higher average revenue per customer, a 4% growth in TurboTax federal units, and a shift in mix to our higher end product offerings.

Consumer segment operating income increased 14% in fiscal 2018 compared with fiscal 2017 due to the higher revenue described above which was partially offset by higher expenses including staffing, advertising, and other marketing programs.

Fiscal 2017 Compared with Fiscal 2016

Revenue for our Consumer segment increased \$156 million or 8% in fiscal 2017 compared with fiscal 2016 due to 2% growth in TurboTax federal units and a shift in mix to the higher end of our product lineup.

Consumer segment operating income increased 7% in fiscal 2017 compared with fiscal 2016 due to the higher revenue described above which was partially offset by higher expenses for advertising and other marketing programs and staffing.

Tables of Contents

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

Strategic Partner segment service and other revenue is derived primarily from ProConnect Tax Online tax return preparation, bank products, and related services that complement the tax return preparation process.

<i>(Dollars in millions)</i>	Fiscal 2018	Fiscal 2017	Fiscal 2016	2018-2017 % Change	2017-2016 % Change
Product revenue	\$ 371	\$ 362	\$ 354		
Service and other revenue	82	75	74		
Total segment revenue	\$ 453	\$ 437	\$ 428	4 %	2 %
% of total revenue	8 %	8 %	9 %		
Segment operating income	\$ 281	\$ 263	\$ 268	6 %	(2 %)
% of related revenue	62 %	60 %	63 %		

Fiscal 2018 Compared with Fiscal 2017

Revenue for our Strategic Partner segment increased \$16 million or 4% in fiscal 2018 compared with fiscal 2017 primarily due to a higher average revenue per customer.

Strategic Partner segment operating income increased 6% in fiscal 2018 primarily due to the higher revenue described above and relatively stable spending.

Fiscal 2017 Compared with Fiscal 2016

Revenue for our Strategic Partner segment increased \$9 million or 2% in fiscal 2017 compared with fiscal 2016.

During fiscal 2017 we made a strategic decision to focus less on price increases and more on customer retention by delivering awesome products and a valuable end to end experience. This resulted in slower revenue growth in fiscal 2017 than we have experienced historically.

Strategic Partner segment operating income decreased 2% in fiscal 2017 compared with fiscal 2016 due to higher staffing expenses which more than offset the higher revenue described above.

Tables of Contents

(Dollars in millions)

	Fiscal 2018	% of Related Revenue	Fiscal 2017	% of Related Revenue	Fiscal 2016	% of Related Revenue
Cost of product revenue	\$ 112	8 %	\$ 120	9 %	\$ 131	10 %
Cost of service and other revenue	850	19 %	677	18 %	599	18 %
Amortization of acquired technology	15	n/a	12	n/a	22	n/a
Total cost of revenue	\$ 977	16 %	\$ 809	16 %	\$ 752	16 %

Our cost of revenue has three components: (1) cost of product revenue, which includes the direct costs of manufacturing and shipping or electronically downloading our desktop software products; (2) cost of service and other revenue, which reflects direct costs associated with providing services, including data center and support costs related to delivering online services; and (3) amortization of acquired technology, which represents the cost of amortizing developed technologies that we have obtained through acquisitions over their useful lives.

Cost of product revenue as a percentage of product revenue was consistent across all periods presented. 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.

(Dollars in millions)

	Fiscal 2018	% of Total Net Revenue	Fiscal 2017	% of Total Net Revenue	Fiscal 2016	% of Total Net Revenue
Selling and marketing	\$ 1,634	27 %	\$ 1,420	27 %	\$ 1,289	28 %
Research and development	1,186	20 %	998	19 %	881	19 %
General and administrative	664	11 %	553	11 %	518	11 %
Amortization of other acquired intangible assets	6	— %	2	— %	12	— %
Total operating expenses	\$ 3,490	58 %	\$ 2,973	57 %	\$ 2,700	58 %

Fiscal 2018 Compared with Fiscal 2017

Total operating expenses as a percentage of total net revenue increased slightly in fiscal 2018 compared to fiscal 2017. Total net revenue increased \$787 million or 15% and total operating expenses increased \$517 million or 17%. The increase in operating expenses was primarily driven by \$193 million for higher staffing expenses due to higher headcount, \$127 million for advertising and other marketing programs, and \$49 million for outside services. General and administrative expenses in the fiscal 2018 period include a \$79 million loss related to the sale of our data center in Quincy, Washington.

Fiscal 2017 Compared with Fiscal 2016

Total operating expenses as a percentage of total net revenue decreased slightly in fiscal 2017 compared to fiscal 2016. Total net revenue increased \$483 million or 10% and total operating expenses increased \$273 million or 10%. The increase in operating expenses was primarily driven by \$152 million for higher staffing expenses due to higher headcount, \$85 million for advertising and other marketing programs, and \$48 million for share-based compensation expenses. Share-based compensation expenses have been increasing over time because the total fair value of our share-based awards has generally been increasing.

Interest Expense

Interest expense of \$20 million in fiscal 2018 consisted primarily of interest on our unsecured term loan and unsecured revolving credit facility. Interest expense of \$31 million in fiscal 2017 consisted primarily of interest on our senior notes, unsecured term loan, and unsecured revolving credit facility. Interest expense of \$35 million in fiscal 2016 consisted primarily of interest on our senior notes, unsecured term loan, and unsecured revolving credit facilities. See Note 8 and Note 9 to the financial statements in Item 8 of this Annual Report for more information.

Tables of Contents**Interest and Other Income (Expense), Net***(In millions)*

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Interest income	\$ 18	\$ 8	\$ 3
Net gain on executive deferred compensation plan assets (1)	7	7	—
Other	1	(12)	(7)
Total interest and other income (expense), net	\$ 26	\$ 3	\$ (4)

(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 TaxesEffective Tax Rate

The Tax Cuts and Jobs Act (2017 Tax Act) was enacted on December 22, 2017 and reduces 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 year 2018. As a result, we adjusted our annual effective tax rate for the year ended July 31, 2018, as well as adjusted our U.S. net deferred tax asset balance at the lower rates.

Our effective tax rates for fiscal 2018, fiscal 2017, and fiscal 2016 were approximately 19%, 29%, and 33%. Excluding the tax benefits related to share-based compensation, the reorganization of a subsidiary, and the charge related to the re-measurement of our deferred tax asset balances, our effective tax rate for fiscal 2018 was approximately 26% and did not differ significantly from the federal statutory rate of 26.9%. Excluding the share-based compensation tax benefits, our effective tax rate for fiscal 2017 was approximately 34% and did not differ significantly from the federal statutory rate of 35%. See Note 10 to the financial statements in Item 8 of this Annual Report for more information about our effective tax rates.

Net Deferred Tax Assets

At July 31, 2018, we had net deferred tax assets of \$80 million which included a valuation allowance of \$93 million for loss and tax credit carryforwards related to state research and experimentation tax credits, foreign losses, and state operating and capital losses. We recorded the valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. While we believe our current valuation allowance is sufficient, we could in the future be required to increase the valuation allowance to take into account additional deferred tax assets that we may be unable to realize. We assess the need for an adjustment to the valuation allowance on a quarterly basis. The assessment is based on our estimates of future sources of taxable income for the jurisdictions in which we operate and the periods over which our deferred tax assets will be realizable. See "Critical Accounting Policies and Estimates" earlier in this Item 7 and Note 10 to the financial statements in Item 8 of this Annual Report for more information.

Discontinued Operations

In the third quarter of fiscal 2016 we sold our Demandforce, QuickBase, and Quicken businesses for \$463 million in cash. We recorded a pre-tax gain of \$354 million and a net gain of \$173 million on the disposal of these three businesses in fiscal 2016. We have reclassified our statements of operations for all periods presented to reflect these businesses as discontinued operations. See Note 7 to the financial statements in Item 8 of this Annual Report for a more complete description of these discontinued operations and the impact that they have had on our statements of operations for the fiscal periods presented.

Tables of Contents

At July 31, 2018, our cash, cash equivalents and investments totaled \$1.7 billion, an increase of \$939 million from July 31, 2017 due to the factors described in “*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 facilities. In fiscal 2018 our U.S. statutory tax rate decreased from 35% to 26.9% as a result of the Tax Cuts and Jobs Act, which increased our cash from operations. 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 7, 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:

<i>(Dollars in millions)</i>	July 31, 2018	July 31, 2017	\$ Change	% Change
Cash, cash equivalents and investments	\$1,716	\$ 777	\$ 939	121 %
Long-term investments	13	31	(18)	(58)%
Short-term debt	50	50	—	— %
Long-term debt	388	438	(50)	(11)%
Working capital (deficit)	288	(529)	817	(154)%
Ratio of current assets to current liabilities	1.1 : 1	0.7 : 1		

We have historically generated significant cash from operations and we expect to continue to do so during fiscal 2019. Our cash, cash equivalents, and investments totaled \$1.7 billion at July 31, 2018, none of those funds were restricted, and approximately 87% 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 share repurchases. At July 31, 2018, no amounts were outstanding under the revolving credit facility. See Note 8 to the financial statements in Item 8 of this Annual Report for more information.

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 kinds 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.

The following table summarizes selected items from our statements of cash flows for fiscal 2018, fiscal 2017, and fiscal 2016. See the financial statements in Item 8 of this Annual Report for complete statements of cash flows for those periods.

<i>(Dollars in millions)</i>	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net cash provided by (used in):			
Operating activities	\$2,112	\$1,599	\$1,460
Investing activities	(532)	(85)	371
Financing activities	(634)	(1,632)	(1,999)
Effect of exchange rates on cash and cash equivalents	(11)	9	(2)
Net increase (decrease) in cash and cash equivalents	\$935	\$(109)	\$(170)

During fiscal 2018 we generated \$2.1 billion in cash from operations. We also received \$800 million from borrowings under our revolving credit facility, and \$96 million from the issuance of common stock under employee stock plans. During the same period we used \$850 million for the repayment of debt and amounts outstanding under our revolving credit facility, \$407 million for the payment of cash dividends, \$272 million for the repurchase

of shares of our common stock under our stock

[Intuit Fiscal 2018 Form 10-K 44](#)

Tables of Contents

repurchase programs, \$363 million for the acquisitions of businesses net of cash acquired, and \$124 million for capital expenditures.

During fiscal 2017 we generated \$1.6 billion in cash from operations. We also received \$190 million in cash from net sales of investments, \$150 million from borrowings under our revolving credit facility, and \$73 million from the net issuance of common stock under employee stock plans. During the same period we used \$662 million in cash for the repayment of debt and amounts outstanding under our revolving credit facility, \$839 million for the repurchase of shares of our common stock under our stock repurchase programs, \$353 million for the payment of cash dividends, and \$230 million for capital expenditures.

During fiscal 2016 we generated \$1.5 billion in cash from operations. We also received \$500 million in proceeds from our term loan, \$463 million from the sales of our Demandforce, QuickBase, and Quicken businesses, \$418 million from net sales of investments, and \$89 million in cash from the issuance of common stock under employee stock plans. During the same period we used \$2.3 billion in cash for the repurchase of shares of our common stock under our stock repurchase programs, \$318 million for the payment of cash dividends, and \$522 million for capital expenditures, including the purchase of certain previously leased facilities.

As described in Note 11 to the financial statements in Item 8 of this Annual Report, during fiscal 2018, fiscal 2017, and fiscal 2016 we continued to repurchase shares of our common stock under a series of repurchase programs that our Board of Directors has authorized. At July 31, 2018, we had authorization from our Board of Directors to expend up to an additional \$1.2 billion for stock repurchases. 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, bringing the total authorization to \$3.2 billion.

During fiscal 2018, fiscal 2017, and fiscal 2016 we also continued to pay quarterly cash dividends on shares of our outstanding common stock. In August 2018 our Board of Directors declared a quarterly cash dividend of \$0.47 per share of outstanding common stock payable on October 18, 2018 to stockholders of records at the close of business on October 10, 2018. 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.

During fiscal 2018 we acquired all of the outstanding equity interests of TSheets.com LLC, Exactor, Inc., and Applatix, Inc. for total combined cash and other consideration of approximately \$412 million. The \$412 million included approximately \$27 million for the fair value of equity awards and other cash consideration that is being charged to expense over the future service period of up to three years. These three businesses became part of our Small Business & Self-Employed segment and will provide additional features to our QuickBooks offerings such as automated time tracking and scheduling and the calculation and filing of sales and use taxes. We have included their results of operations in our consolidated results of operations from the dates of acquisition. Their results of operations for all periods presented and periods prior to the dates of acquisition were not material when compared with our consolidated results of operations. See Note 6 to the financial statements in Item 8 of this Annual Report for more information.

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 July 31, 2018, 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

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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 of 2.5% of the loan amount which began in July 2017, with the balance payable on February 1, 2021. At July 31, 2018, \$438 million was outstanding under the term loan.

[Intuit Fiscal 2018 Form 10-K 45](#)

Tables of Contents

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 July 31, 2018.

Our cash, cash equivalents and investments totaled \$1.7 billion at July 31, 2018. Approximately 13% 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 Tax Cuts and Jobs 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.

At July 31, 2018, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

The following table summarizes our known contractual obligations to make future payments at July 31, 2018:

	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
<i>(In millions)</i>					
Amounts due under executive deferred compensation plan	\$97	\$—	\$—	\$—	\$97
Unsecured term loan	50	388	—	—	438
Interest and fees due on debt	17	24	—	—	41
License fee payable (1)	10	—	—	—	10
Operating leases (2)	66	120	100	113	399
Purchase obligations (3)	175	246	73	—	494
Total contractual obligations (4)	\$415	\$778	\$173	\$113	\$1,479

In May 2009 we entered into an agreement to license certain technology for \$20 million in cash and (1) \$100 million payable over ten fiscal years. See Note 9 to the financial statements in Item 8 of this Annual Report for more information.

Includes operating leases for facilities and equipment. Amounts do not include \$73 million of future sublease (2) income. We had no significant capital leases at July 31, 2018. See Note 9 to the financial statements in Item 8 of this Annual Report for more information.

Represents agreements to purchase products and services that are enforceable, legally binding and specify (3) terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments.

Other long-term obligations on our balance sheet at July 31, 2018 included long-term income tax liabilities of \$61 (4) million which related primarily to unrecognized tax benefits. We have not included this amount in the table above because we cannot make a reasonably reliable estimate regarding the timing of settlements with taxing authorities, if any.

For a description of recent accounting pronouncements and the potential impact of these pronouncements on our consolidated financial statements, see Note 1 to the financial statements in Item 8 of this Annual Report.

Tables of Contents

ITEM 7A - 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 Item 8 of this Annual 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 value of those investments. At July 31, 2018, our cash equivalents and investments totaled \$1.6 billion and had a weighted average pre-tax yield of 1.85%. Total interest income for fiscal 2018 was \$18 million. If the Federal Reserve Target Rate had increased by 25 basis points from the level of July 31, 2018, 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 July 31, 2018, 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 July 31, 2018 no amounts were outstanding under the revolving credit facility and \$438 million was outstanding under the term loan. See Note 8 and Note 9 to the financial statements in Item 8 of this Annual 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 balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income in our 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 July 31, 2018, we did not engage in foreign currency hedging activities.

Tables of Contents

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements are filed as part of this Report:

	Page
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>49</u>
<u>Consolidated Statements of Operations for each of the three years in the period ended July 31, 2018</u>	<u>51</u>
<u>Consolidated Statements of Comprehensive Income for each of the three years in the period ended July 31, 2018</u>	<u>52</u>
<u>Consolidated Balance Sheets as of July 31, 2018 and 2017</u>	<u>53</u>
<u>Consolidated Statements of Stockholders' Equity for each of the three years in the period ended July 31, 2018</u>	<u>54</u>
<u>Consolidated Statements of Cash Flows for each of the three years in the period ended July 31, 2018</u>	<u>55</u>
<u>Notes to Consolidated Financial Statements</u>	<u>57</u>

2. INDEX TO FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements:

Schedule	Page
<u>II Valuation and Qualifying Accounts</u>	<u>88</u>

All other schedules not listed above have been omitted because they are inapplicable or are not required.

Tables of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Intuit Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Intuit Inc. (the Company) as of July 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2018, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at July 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated August 31, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1990.

San Jose, California
August 31, 2018

Tables of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Intuit Inc.

Opinion on Internal Control over Financial Reporting

We have audited Intuit Inc.'s internal control over financial reporting as of July 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Intuit Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of July 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the fiscal 2018 consolidated financial statements of the Company and our report dated August 31, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Jose, California

August 31, 2018

[Intuit Fiscal 2018 Form 10-K 50](#)

Tables of Contents

<i>(In millions, except per share amounts)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Net revenue:			
Product	\$ 1,462	\$ 1,376	\$ 1,289
Service and other	4,502	3,801	3,405
Total net revenue	5,964	5,177	4,694
Costs and expenses:			
Cost of revenue:			
Cost of product revenue	112	120	131
Cost of service and other revenue	850	677	599
Amortization of acquired technology	15	12	22
Selling and marketing	1,634	1,420	1,289
Research and development	1,186	998	881
General and administrative	664	553	518
Amortization of other acquired intangible assets	6	2	12
Total costs and expenses	4,467	3,782	3,452
Operating income from continuing operations	1,497	1,395	1,242
Interest expense	(20)	(31)	(35)
Interest and other income (expense), net	26	3	(4)
Income from continuing operations before income taxes	1,503	1,367	1,203
Income tax provision	292	396	397
Net income from continuing operations	1,211	971	806
Net income from discontinued operations	—	—	173
Net income	\$ 1,211	\$ 971	\$ 979
Basic net income per share from continuing operations	\$ 4.72	\$ 3.78	\$ 3.08
Basic net income per share from discontinued operations	—	—	0.65
Basic net income per share	\$ 4.72	\$ 3.78	\$ 3.73
Shares used in basic per share calculations	256	257	262
Diluted net income per share from continuing operations	\$ 4.64	\$ 3.72	\$ 3.04
Diluted net income per share from discontinued operations	—	—	0.65
Diluted net income per share	\$ 4.64	\$ 3.72	\$ 3.69
Shares used in diluted per share calculations	261	261	265
Cash dividends declared per common share	\$ 1.56	\$ 1.36	\$ 1.20

See accompanying notes.

Tables of Contents

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Net income	\$ 1,211	\$ 971	\$ 979
Other comprehensive income (loss), net of income taxes:			
Unrealized gain (loss) on available-for-sale debt securities	(2)	(1)	1
Foreign currency translation gain (loss)	(11)	11	(3)
Total other comprehensive income (loss), net	(13)	10	(2)
Comprehensive income	\$ 1,198	\$ 981	\$ 977

See accompanying notes.

[Intuit Fiscal 2018 Form 10-K 52](#)

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Tables of Contents

	July 31,	
	2018	2017
<i>(Dollars in millions, except par value; shares in thousands)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,464	\$ 529
Investments	252	248
Accounts receivable, net of allowance for doubtful accounts of \$5 and \$46	98	103
Income taxes receivable	39	63
Prepaid expenses and other current assets	184	100
Current assets before funds held for customers	2,037	1,043
Funds held for customers	367	372
Total current assets	2,404	1,415
Long-term investments	13	31
Property and equipment, net	812	1,030
Goodwill	1,611	1,295
Acquired intangible assets, net	61	22
Long-term deferred income taxes	87	132
Other assets	190	143
Total assets	\$5,178	\$ 4,068
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 50	\$ 50
Accounts payable	178	157
Accrued compensation and related liabilities	369	300
Deferred revenue	961	887
Other current liabilities	191	178
Current liabilities before customer fund deposits	1,749	1,572
Customer fund deposits	367	372
Total current liabilities	2,116	1,944
Long-term debt	388	438
Long-term deferred revenue	197	202
Other long-term obligations	123	130
Total liabilities	2,824	2,714
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value		
Authorized - 1,345 shares total; 145 shares designated Series A;		
250 shares designated Series B Junior Participating	—	—
Issued and outstanding - None		
Common stock, \$0.01 par value		
Authorized - 750,000 shares	3	3
Outstanding - 258,616 shares at July 31, 2018 and 255,668 shares at July 31, 2017		
Additional paid-in capital	5,335	4,854
Treasury stock, at cost	(11,050)	(10,778)
Accumulated other comprehensive loss	(35)	(22)
Retained earnings	8,101	7,297
Total stockholders' equity	2,354	1,354

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Total liabilities and stockholders' equity	\$5,178	\$4,068
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See accompanying notes.

[Intuit Fiscal 2018 Form 10-K 53](#)

Tables of Contents

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehens Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
<i>(Dollars in millions, shares in thousands)</i>							
Balance at July 31, 2015	277,706	\$ 3	\$ 4,007	\$(7,675)	\$(30)	\$ 6,027	\$ 2,332
Comprehensive income	—	—	—	—	(2)	979	977
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,963	—	89	—	—	—	89
Stock repurchases under stock repurchase programs (24,816)	—	—	—	(2,264)	—	—	(2,264)
Dividends and dividend rights declared (\$1.20 per share)	—	—	—	—	—	(319)	(319)
Tax benefit from share-based compensation plans	—	—	59	—	—	—	59
Share-based compensation expense	—	—	287	—	—	—	287
Balance at July 31, 2016	257,853	3	4,442	(9,939)	\$(32)	6,687	1,161
Comprehensive income	—	—	—	—	10	971	981
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,715	—	73	—	—	—	73
Stock repurchases under stock repurchase programs (6,900)	—	—	—	(839)	—	—	(839)
Dividends and dividend rights declared (\$1.36 per share)	—	—	—	—	—	(357)	(357)
Cumulative effect of change in accounting principle	—	—	6	—	—	(4)	2
Share-based compensation expense	—	—	333	—	—	—	333
Balance at July 31, 2017	255,668	3	4,854	(10,778)	\$(22)	7,297	1,354
Comprehensive income	—	—	—	—	(13)	1,211	1,198
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,818	—	96	—	—	—	96
Stock repurchases under stock repurchase programs (1,870)	—	—	—	(272)	—	—	(272)
Dividends and dividend rights declared (\$1.56 per share)	—	—	—	—	—	(407)	(407)
Share-based compensation expense	—	—	385	—	—	—	385
Balance at July 31, 2018	258,616	\$ 3	\$ 5,335	\$(11,050)	\$(35)	\$ 8,101	\$ 2,354

See accompanying notes.

Tables of Contents

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	\$1,211	\$ 971	\$ 979
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	228	214	195
Amortization of acquired intangible assets	25	22	43
Share-based compensation expense	382	326	281
Pre-tax gain on sale of discontinued operations (1)	—	—	(354)
Loss on sale of long-lived assets	79	—	—
Deferred income taxes	51	8	70
Tax benefit from share-based compensation plans	—	—	59
Other	6	13	17
Total adjustments	771	583	311
Changes in operating assets and liabilities:			
Accounts receivable	5	5	(20)
Income taxes receivable	(1)	(44)	64
Prepaid expenses and other assets	(31)	(9)	(10)
Accounts payable	12	—	(23)
Accrued compensation and related liabilities	75	10	(11)
Deferred revenue	66	83	192
Other liabilities	4	—	(22)
Total changes in operating assets and liabilities	130	45	170
Net cash provided by operating activities	2,112	1,599	1,460
Cash flows from investing activities:			
Purchases of corporate and customer fund investments	(407)	(352)	(934)
Sales of corporate and customer fund investments	128	359	1,165
Maturities of corporate and customer fund investments	286	183	187
Net change in cash and cash equivalents held to satisfy customer fund obligations	5	(68)	58
Net change in customer fund deposits	(5)	68	(33)
Purchases of property and equipment	(38)	(102)	(416)
Capitalization of internal use software	(86)	(128)	(106)
Acquisitions of businesses, net of cash acquired	(363)	—	—
Proceeds from divestiture of businesses	—	—	463
Originations of term loans to small businesses	(137)	—	—
Principal repayments of term loans from small businesses	82	—	—
Other	3	(45)	(13)
Net cash provided by (used in) investing activities	(532)	(85)	371
Cash flows from financing activities:			
Proceeds from borrowings under revolving credit facilities	800	150	995
Repayments on borrowings under revolving credit facilities	(800)	(150)	(995)
Proceeds from long-term debt	—	—	500
Repayment of debt	(50)	(512)	—
Proceeds from issuance of stock under employee stock plans	295	226	197

Tables of Contents

Payments for employee taxes withheld upon vesting of restricted stock units	(199)	)	(153)	)	(108))
Cash paid for purchases of treasury stock	(272)	)	(839)	)	(2,264))
Dividends and dividend rights paid	(407)	)	(353)	)	(318))
Other	(1)	)	(1)	)	(6))
Net cash used in financing activities	(634)	)	(1,632)	)	(1,999))
Effect of exchange rates on cash and cash equivalents	(11)	)	9	)	(2))
Net increase (decrease) in cash and cash equivalents	935	)	(109)	)	(170))
Cash and cash equivalents at beginning of period	529	)	638	)	808)
Cash and cash equivalents at end of period	\$ 1,464	)	\$ 529	)	\$ 638)
Supplemental disclosure of cash flow information:						
Interest paid	\$ 19	)	\$ 42	)	\$ 37)
Income taxes paid	\$ 245	)	\$ 430	)	\$ 389)

Because the cash flows of our discontinued operations were not material for any period presented, we have not segregated (1) the cash flows of those businesses on these statements of cash flows. We have presented the effect of the pre-tax gains on the disposals on these statements of cash flows. See Note 7, "Discontinued Operations," for more information.

See accompanying notes.

Tables of Contents

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 consolidated financial statements include the financial statements of Intuit and its wholly owned subsidiaries. We have eliminated all significant intercompany balances and transactions in consolidation. We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation, including amounts related to our reportable segments. See Note 14, "Segment Information," for more information. We acquired TSheets.com LLC, Exactor, Inc., and Applatix, Inc. in fiscal 2018. We have included the results of operations for these companies in our consolidated results of operations from the dates of acquisition. See Note 6, "Business Combinations," for more information.

As discussed in Note 7, in fiscal 2016 we sold our Demandforce, QuickBase, and Quicken businesses. We have reclassified our statements of operations for fiscal 2016 to reflect all of these businesses as discontinued operations. Because the cash flows of all of these businesses were not material, we have not segregated them on our statements of cash flows. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

Seasonality

Our Consumer offerings have significant seasonal patterns and revenue from those income tax preparation products and services is heavily concentrated in our third fiscal quarter ending April 30.

Use of Estimates

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), we make certain estimates and assumptions that affect the amounts reported in our financial statements and the disclosures made in the accompanying notes. For example, we use estimates in determining the appropriate levels of reserves for product returns, promotional discounts and rebates, 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.

Revenue Recognition

We derive revenue from the sale of software subscriptions, hosted services, packaged software products, financial supplies, technical support plans, transaction fees, merchant services hardware, and multiple element arrangements that may include a combination of these items. We recognize revenue when all four revenue recognition criteria have been met: persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable, and collectibility is probable. Determining whether and when these criteria have been satisfied involves exercising judgment and using estimates and assumptions that can have a significant impact on the timing and amount of revenue that we recognize.

Tables of Contents

In some situations, we receive advance payments from our customers. We defer revenue associated with these advance payments and the relative fair value of undelivered elements under multiple element arrangements until we ship the products or perform the services.

We account for cash consideration (such as sales incentives) that we give to our customers or resellers as a reduction of revenue rather than as an operating expense unless we receive a benefit that we can identify and for which we can reasonably estimate the fair value.

Product Revenue

For our QuickBooks and professional tax desktop solutions we deliver ongoing enhancements and certain connected services. As a result, we recognize revenue for the QuickBooks desktop solutions over the period that the enhancements and connected services are provided, which is approximately three years. We recognize revenue for the professional tax desktop solutions as services are provided over the calendar year, once tax forms are available from taxing agencies and the agencies are able to receive electronic tax return submissions. We recognize revenue from the sale of our financial supplies such as printed check stock and merchant services hardware such as retail point-of-sale equipment and credit card readers for mobile phones when legal title transfers. This is generally when we ship the products. We record product revenue net of our sales tax obligations. We sell some of our QuickBooks and TurboTax desktop software products on consignment to certain retailers. We begin recognizing revenue for these consignment transactions only when the end-user sale has occurred. For software products that are sold on a subscription basis and include periodic updates, we recognize revenue ratably over the period that we provide services to the customer.

We reduce product revenue from distributors and retailers for estimated returns that are based on historical returns experience and other factors, such as the volume and price mix of products in the retail channel, return rates for prior releases of the product, trends in retailer inventory, and economic trends that might impact customer demand for our products (including the competitive environment and the timing of new releases of our product). We also reduce product revenue for the estimated redemption of promotional discounts and rebates on certain current product sales. Our estimated reserves for distributor and retailer sales incentive rebates are based on distributors' and retailers' actual performance against the terms and conditions of rebate programs.

Service and Other Revenue

Our service revenue consists primarily of hosted services such as QuickBooks Online, QuickBooks desktop software term licenses, TurboTax Online, payroll services, electronic merchant payment processing services, electronic tax filing, technical support plans, and tax advice services.

We recognize revenue from hosted services as the services are performed, provided we have no other remaining obligations to these customers. We generally require customers to remit payroll tax funds to us in advance of the payroll date via electronic funds transfer. We include in total net revenue the interest that we earn on these funds between the time that we collect them from customers and the time that we remit them to outside parties. Service revenue for electronic payment processing services that we provide to merchants is recorded net of interchange fees charged by credit card associations.

Other revenue consists primarily of revenue from revenue-sharing and royalty arrangements with third-party partners. We typically recognize this revenue as earned based upon reporting provided to us by our partners.

Multiple Element Arrangements

We enter into multiple element revenue arrangements in which a customer may purchase a combination of software, upgrades, hosted services, technical support, and hardware.

Multiple Element Arrangements That Contain Software and Software-Related Elements

For multiple element arrangements that contain only software and software-related elements, such as QuickBooks desktop software and paid technical support plans, we allocate and defer revenue for the undelivered elements based on their vendor-specific objective evidence of fair value (VSOE). VSOE is the price charged when that element is sold separately. In situations where VSOE exists for all elements (delivered and undelivered), we allocate the total revenue to be earned under the arrangement among the various elements, based on their relative fair value. For arrangements where VSOE exists only for the undelivered elements, we defer the full fair value of the undelivered elements and recognize the difference between the total arrangement fee and the amount deferred for the undelivered items as revenue. If VSOE does not exist for an undelivered service element, we recognize the revenue from the entire arrangement as the services are delivered. If VSOE does not exist for undelivered elements that are specified products or features, we defer revenue until the earlier of the delivery of all elements or the point at which we determine VSOE for these undelivered elements.

We recognize revenue related to the delivered products or services only if: (1) the above revenue recognition criteria are met; (2) any undelivered products or services are not essential to the functionality of the delivered products and services; (3) payment for the delivered products or services is not contingent upon delivery of the remaining products or services; and (4)

Tables of Contents

we have an enforceable claim to receive the amount due in the event that we do not deliver the undelivered products or services.

Multiple Element Arrangements That Contain Non-Software Elements

For multiple element arrangements that contain non-software elements such as hosted services or credit card readers for mobile phones, we: (1) determine whether and when each element has been delivered; (2) determine the fair value of each element using the selling price hierarchy of VSOE if available, third-party evidence (TPE) if VSOE is not available, and estimated selling price (ESP) if neither VSOE nor TPE is available; and (3) allocate the total price among the various elements using the relative selling price method. Once we have allocated the total price among the various elements, we recognize revenue when the revenue recognition criteria described above are met for each element.

VSOE generally exists when we sell the deliverable separately and we are normally able to establish VSOE for all deliverables in these multiple element arrangements; however, in certain limited instances VSOE cannot be established. This may be because we do not sell the element separately, do not price products or services within a narrow range, or have a limited sales history. When VSOE cannot be established, we attempt to establish selling price for each element based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. When we are unable to establish selling price using VSOE or TPE, we use ESP in our allocation of arrangement consideration. ESP is the estimated price at which we would sell a product or service if it were sold on a stand-alone basis. We determine ESP for a product or service by considering multiple factors including, but not limited to, pricing practices, market conditions, competitive landscape, type of customer, geographies, stage of product lifecycle, internal costs, and gross margin objectives. Significant pricing practices that we take into consideration include historic contractually stated prices, volume discounts where applicable, and our price lists. The determination of ESP is made through consultation with and formal approval by management, taking into consideration our overall go-to-market strategy.

Shipping and Handling

We record the amounts we charge our customers for the shipping and handling of our software products as product revenue and we record the related costs as cost of product revenue in our statements of operations.

Customer Service and Technical Support

We include the costs of providing customer service under paid technical support contracts and as included in certain software subscriptions on the cost of service and other revenue line in our statements of operations. We also include the costs of customer service and technical support associated with our online or hosted offerings in cost of service and other revenue. We include the costs of customer service and free technical support related to desktop offerings in selling and marketing expense in our statements of operations. Customer service and technical support costs include costs associated with performing order processing, answering customer inquiries by telephone and through websites, e-mail and other electronic means, and providing free technical support assistance to customers. We expense the cost of providing this free support as incurred.

Software Development Costs

We expense software development costs as we incur them until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. To date, our software has been available for general release concurrent with the establishment of technological feasibility and, accordingly, we have not capitalized any development costs. Costs we incur to enhance our existing products or after the general release of the service using the product are expensed in the period they are incurred and included in research and development expense in our statements of operations.

Internal Use Software

We capitalize costs related to development of hosted services that we provide to our customers and internal use of enterprise-level business and finance software in support of our operational needs. Costs incurred in the application development phase are capitalized and amortized on a straight-line basis over their useful lives, which are generally three to five years. Costs related to planning and other preliminary project activities and to post-implementation activities are expensed as incurred. We test these assets for impairment whenever events or changes in circumstances occur that could impact their recoverability.

Tables of Contents

Advertising

We expense all advertising costs as we incur them to selling and marketing expense in our statements of operations. We recorded advertising expense of approximately \$615 million for the twelve months ended July 31, 2018, \$480 million for the twelve months ended July 31, 2017, and \$394 million for the twelve months ended July 31, 2016.

Leases

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

We record landlord allowances as deferred rent liabilities in other current liabilities or other long-term obligations, as appropriate, on our balance sheets. We record landlord cash incentives as operating activity on our statements of cash flows. We record other landlord allowances as non-cash investing and financing activities on our statements of cash flows. We classify the amortization of landlord allowances as a reduction of occupancy expense in our statements of operations.

Capitalization of Interest Expense

We capitalize interest on capital projects, including facilities build-out projects and internal use computer software projects. Capitalization commences with the first expenditure for the project and continues until the project is substantially complete and ready for its intended use. We amortize capitalized interest to depreciation expense using the straight-line method over the same lives as the related assets. Capitalized interest was not significant for any period presented.

Foreign Currency

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 balance sheets. We include net gains and losses resulting from foreign exchange transactions in interest and other income in our statements of operations. Translation gains and losses and transaction gains and losses were not significant for any period presented.

Income Taxes

We estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our worldwide income tax provision. We estimate our current tax liability and assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we show on our balance sheet. We must then assess the likelihood that our deferred tax assets will be realized. To the extent we believe that realization is not likely, we establish a valuation allowance. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding income tax expense in our statement of operations.

We review the need for a valuation allowance to reflect uncertainties about whether we will be able to utilize some of our deferred tax assets before they expire. The valuation allowance analysis is based on our estimates of taxable income for the jurisdictions in which we operate and the periods over which our deferred tax assets will be realizable. While we have considered future taxable income in assessing the need for a valuation allowance for the periods presented, we could be required to record a valuation allowance to take into account additional deferred tax assets that we may be unable to realize. An increase in the valuation allowance would have an adverse impact, which could be material, on our income tax provision and net income in the period in which we record the increase. We recognize and measure benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not of being sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a quarterly basis. Our evaluations are based upon a number of factors,

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including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain

[Intuit Fiscal 2018 Form 10-K 60](#)

Tables of Contents

tax positions could result in material increases or decreases in our income tax expense in the period in which we make the change, which could have a material impact on our effective tax rate and operating results. A description of our accounting policies associated with tax-related contingencies and valuation allowances assumed as part of a business combination is provided under “*Business Combinations*” below. The Tax Cuts and Jobs Act significantly changes existing U.S. tax law and includes numerous provisions that affect our business. See Note 10, “*Income Taxes*,” for more information.

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. Prior to our adoption of ASU 2016-09 in the first quarter of fiscal 2017, we included tax benefits in assessing whether equity awards were dilutive and in our calculations of weighted average dilutive shares under the treasury stock method.

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.

Tables of Contents

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

	Twelve Months Ended July 31,		
	2018	2017	2016
<i>(In millions, except per share amounts)</i>			
Numerator:			
Net income from continuing operations	\$1,211	\$971	\$806
Net income from discontinued operations	—	—	173
Net income	\$1,211	\$971	\$979
Denominator:			
Shares used in basic per share amounts:			
Weighted average common shares outstanding	256	257	262
Shares used in diluted per share amounts:			
Weighted average common shares outstanding	256	257	262
Dilutive common equivalent shares from stock options and restricted stock awards	5	4	3
Dilutive weighted average common shares outstanding	261	261	265
Basic and diluted net income per share:			
Basic net income per share from continuing operations	\$4.72	\$3.78	\$3.08
Basic net income per share from discontinued operations	—	—	0.65
Basic net income per share	\$4.72	\$3.78	\$3.73
Diluted net income per share from continuing operations	\$4.64	\$3.72	\$3.04
Diluted net income per share from discontinued operations	—	—	0.65
Diluted net income per share	\$4.64	\$3.72	\$3.69
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	—	3	2

Cash Equivalents and Investments

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. In all periods presented, cash equivalents consist primarily of money market funds and saving deposit accounts, and investments consist primarily of available-for-sale investment-grade 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 by limiting our holdings with any individual issuer.

We use the specific identification method to compute gains and losses on investments. We record unrealized gains and losses on investments, net of tax, in accumulated other comprehensive income in the stockholders' equity section of our balance sheets and reflect unrealized gain and loss activity in other comprehensive income on our statement of comprehensive income. We generally classify available-for-sale debt securities as current assets based upon our ability and intent to use any and all of these securities as necessary to satisfy the significant short-term liquidity requirements that may arise from the highly seasonal nature of our businesses. Because of our significant business seasonality, stock repurchase programs, and acquisition opportunities, cash flow requirements may fluctuate dramatically from quarter to quarter and require us to use a significant amount of the investments we hold as available-for-sale securities.

Accounts and Notes Receivable, Allowances for Doubtful Accounts, and Allowances for Loan Losses

Accounts receivable are recorded at the invoiced amount and are not interest bearing. We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables. We review our accounts receivable by aging category to identify significant customers or invoices with known disputes or collectibility issues. For those invoices not specifically identified as uncollectible, we provide an allowance based on the age of the receivable. In determining the amount of the allowance, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We also consider our historical level of credit losses and current economic trends that might impact the level of future credit losses. When we determine that amounts are uncollectible we

write them off against the allowance.

[Intuit Fiscal 2018 Form 10-K 62](#)

Tables of Contents

Notes receivable consist of term loans to small businesses, and are included in prepaid expenses and other current assets on our consolidated balance sheets. The term loans are not secured and are recorded at amortized cost, reduced by an allowance 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. As of July 31, 2018, the notes receivable balance was \$55 million, net of allowances for loan losses which were not significant.

Funds Held for Customers and Customer Fund Deposits

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 debt securities. Customer fund deposits consist of amounts we owe on behalf of our customers, such as direct deposit payroll funds and payroll taxes.

Property and Equipment

Property and equipment is stated at the lower of cost or realizable value, net of accumulated depreciation. We calculate depreciation using the straight-line method over the estimated useful lives of the assets, which range from two to 30 years. We amortize leasehold improvements using the straight-line method over the lesser of their estimated useful lives or remaining lease terms. We include the amortization of assets that are recorded under capital leases in depreciation expense. We review property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We did not record any significant property impairment charges during the twelve months ended July 31, 2018, 2017, or 2016.

Business Combinations

The acquisition method of accounting for business combinations requires us to use significant estimates and assumptions, including fair value estimates, as of the business combination date and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which we may adjust the provisional amounts recognized for a business combination).

Under the acquisition method of accounting we recognize separately from goodwill the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree, generally at the acquisition date fair value. We measure goodwill as of the acquisition date as the excess of consideration transferred, which we also measure at fair value, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Costs that we incur to complete the business combination such as investment banking, legal and other professional fees are not considered part of consideration and we charge them to general and administrative expense as they are incurred. Under the acquisition method we also account for acquired company restructuring activities that we initiate separately from the business combination.

Should the initial accounting for a business combination be incomplete by the end of a reporting period that falls within the measurement period, we report provisional amounts in our financial statements. During the measurement period, we adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date and we record those adjustments to our financial statements. We apply those measurement period adjustments that we determine to be significant retrospectively to comparative information in our financial statements, including adjustments to depreciation and amortization expense.

Under the acquisition method of accounting for business combinations, if we identify changes to acquired deferred tax asset valuation allowances or liabilities related to uncertain tax positions during the measurement period and they relate to new information obtained about facts and circumstances that existed as of the acquisition date, those changes are considered a measurement period adjustment and we record the offset to goodwill. We record all other changes to deferred tax asset valuation allowances and liabilities related to uncertain tax positions in current period income tax expense. This accounting applies to all of our acquisitions regardless of acquisition date.

Goodwill, Acquired Intangible Assets and Other Long-Lived Assets

Goodwill

We record goodwill when the fair value of consideration transferred in a business combination exceeds the fair value of the identifiable assets acquired and liabilities assumed. Goodwill and other intangible assets that have indefinite useful lives are

Intuit Fiscal 2018 Form 10-K 63

Tables of Contents

not amortized, but we test them for impairment annually during our fourth fiscal quarter and whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable.

For goodwill, we perform a two-step impairment test. In the first step, we compare the fair value of each reporting unit to its carrying value. In accordance with authoritative guidance, we define fair value as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We consider and use all valuation methods that are appropriate in estimating the fair value of our reporting units and generally use a weighted combination of income and market approaches. Under the income approach, we estimate the fair value of each reporting unit based on the present value of future cash flows. We use a number of assumptions in our discounted cash flow model, including market factors specific to the business, the amount and timing of estimated future cash flows to be generated by the business over an extended period of time, long-term growth rates for the business, and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. Under the market approach, we estimate the fair value of each reporting unit based on market multiples of revenue, operating income, and earnings for comparable publicly traded companies engaged in similar businesses. If the estimated fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further analysis is required.

If the carrying value of the net assets assigned to a reporting unit exceeds the estimated fair value of the unit, we perform the second step of the impairment test. In this step we allocate the fair value of the reporting unit calculated in step one to all of the assets and liabilities of that unit, as if we had just acquired the reporting unit in a business combination. The excess of the fair value of the reporting unit over the total amount allocated to the assets and liabilities represents the implied fair value of goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, we would record an impairment loss equal to the difference. We recorded no goodwill impairment charges for the twelve months ended July 31, 2018, 2017 or 2016.

Acquired Intangible Assets and Other Long-Lived Assets

We generally record acquired intangible assets that have finite useful lives, such as acquired technology, in connection with business combinations. We amortize the cost of acquired intangible assets on a straight-line basis over their estimated useful lives, which range from one to seven years. We review intangible assets that have finite useful lives and other long-lived assets whenever an event or change in circumstances indicates that the carrying value of the asset may not be recoverable. We estimate the recoverability of these assets by comparing the carrying amount of the asset to the future undiscounted cash flows that we expect the asset to generate. We estimate the fair value of assets that have finite useful lives based on the present value of future cash flows for those assets. If the carrying value of an asset with a finite life exceeds its estimated fair value, we would record an impairment loss equal to the difference. Impairment charges for acquired intangible assets were not significant for the twelve months ended July 31, 2018, 2017 or 2016.

Share-Based Compensation Plans

We estimate the fair value of stock options granted using a lattice binomial model and a multiple option award approach. We amortize the fair value of stock options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method. We amortize the fair value of time-based RSUs on a straight-line basis over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria would be met. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte Carlo valuation methodology and amortize those fair values over the requisite service period for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria. All of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we do not adjust the intrinsic (market) value of our RSUs for dividends.

See Note 11, "Stockholders' Equity," for a description of our share-based compensation plans and more information on the assumptions we use to calculate the fair value of share-based compensation.

Intuit Fiscal 2018 Form 10-K 64

Tables of Contents**Concentration of Credit Risk and Significant Customers and Suppliers**

We operate in markets that are highly competitive and rapidly changing. Significant technological changes, shifting customer needs, the emergence of competitive products or services with new capabilities and other factors could negatively impact our operating results.

We are also subject to risks related to changes in the value of our significant balance of investments. Our portfolio of investments consists of investment-grade 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 by limiting our holdings with any individual issuer.

We sell a portion of our products through third-party retailers and distributors. As a result, we face risks related to the collectibility of our accounts receivable. To appropriately manage this risk, we perform ongoing evaluations of customer credit and limit the amount of credit extended as we deem appropriate, but generally do not require collateral. We maintain reserves for estimated credit losses and these losses have historically been within our expectations. However, since we cannot predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate. No customer accounted for 10% or more of total net revenue for the twelve months ended July 31, 2018, 2017 or 2016, nor did any customer account for 10% or more of total accounts receivable at July 31, 2018 or July 31, 2017.

We rely primarily on one third-party vendor to perform the manufacturing and distribution functions for our retail desktop software products. We also have a key single-source vendor that prints and fulfills orders for most of our financial supplies business. While we believe that relying on key vendors improves the efficiency and reliability of our business operations, relying on any one vendor for a significant aspect of our business can have a significant negative impact on our revenue and profitability if that vendor fails to perform at acceptable service levels for any reason, including financial difficulties of the vendor.

Accounting Standards Not Yet Adopted

Goodwill Impairment - In January 2017 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-04, "*Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.*" This new 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.

Business Combinations - In January 2017 the FASB issued ASU 2017-01, "*Business Combinations (Topic 805): Clarifying the Definition of a Business.*" This new 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. The standard is effective for fiscal years beginning after December 15, 2017, 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, 2018. Early adoption is permitted. We are currently evaluating the impact of our pending adoption of ASU 2017-01 on our consolidated financial statements.

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 new standard will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2018. The standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case we would be required to apply the amendments prospectively as of the earliest date practicable. We are currently evaluating the impact of our pending adoption of ASU 2016-15 on our consolidated financial statements.

Statement of Cash Flows - In November 2016 the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash.*" This new standard provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, which means that it will be effective for us in the first quarter of our fiscal year beginning August 1, 2018. We are currently evaluating the impact of our pending adoption of ASU 2016-18 on our consolidated financial statements.

Financial Instruments - In June 2016 the FASB issued ASU 2016-13, "*Financial Instruments—Credit Losses (Topic 326).*" This new 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

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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.

[Intuit Fiscal 2018 Form 10-K 65](#)

Tables of Contents

Leases - In February 2016 the FASB issued ASU 2016-02, "*Leases (Topic 842)*." This new 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 in Note 9 "*Long-Term Obligations and Commitments*," 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.

Revenue from Contracts with Customers - In May 2014 the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)". This new standard supersedes nearly all existing revenue recognition guidance under U.S. GAAP. Under the new 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. The new 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. The new standard is effective for reporting periods beginning after December 15, 2017, which means that it is effective for us beginning August 1, 2018.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with the cumulative effect of applying the guidance recognized in retained earnings as of the date of adoption (modified retrospective method). We plan to adopt Topic 606 utilizing the full retrospective method.

In preparation for adoption of the standard, we have implemented internal controls and processes including key system functionality to enable the preparation of financial information and have reached conclusions on key accounting assessments related to the standard.

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 current standard, we recognize revenue for the QuickBooks Desktop packaged software products ratably over the period that enhancements and connected services are provided, which is approximately three years. Under the new standard, we will 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 software license, version protection, enhancements, support and various connected services. Under the current standard, we recognize revenue for our QuickBooks Desktop software subscriptions ratably over the subscription term, which is generally one year. Under the new standard, we will recognize revenue for the software license and version protection at the time they are delivered and will 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. We expect the timing of the revenue for our QuickBooks Desktop software subscriptions, which are included in our Small Business & Self-Employed reporting segment, to shift to an earlier quarter within each fiscal year as a result of these changes.

With respect to our consumer and professional tax desktop solutions, under the current standard, we recognize all revenue related to the desktop solutions as services are provided. Under the new standard, we will recognize revenue for the desktop tax preparation software license and related tax form updates as the forms and updates are delivered. We will recognize revenue for our electronic filing and connected services as those services are provided. As sales and delivery of desktop tax preparation software solutions and related services are concentrated from November through April, we expect the timing of the related desktop revenue for our Consumer and Strategic Partner reporting segments to shift to earlier quarters within each fiscal year as a result of these changes.

Under the new standard, we are required to recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that

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internal sales commissions related to our subscription offerings meet the requirements to be capitalized. The total capitalized costs to obtain a contact are included in prepaid expenses and other current assets and other assets on our consolidated balance sheets.

The adoption of the standard will result in a decrease in deferred revenue of \$574 million and \$514 million as of July 31, 2018 and 2017, respectively, and an increase in liabilities included in our net deferred tax asset and liability positions of \$146 million and \$201 million as of July 31, 2018 and 2017, respectively, primarily related to the change in revenue recognition for our QuickBooks Desktop and professional tax desktop solutions.

[Intuit Fiscal 2018 Form 10-K 66](#)

Tables of Contents

The adoption of the standard will also result in an increase in revenue for fiscal 2018 and 2017, primarily due to the change in revenue recognition for our QuickBooks Desktop solutions. In addition, the fiscal 2018 provision for income taxes decreased \$55 million. As a result of the acceleration of profits under the new revenue standard, there was an increase in deferred tax liabilities which resulted in a net deferred tax liability position. The re-measurement of the net deferred tax liability during fiscal 2018 resulted in a provisional tax benefit when re-measured at the enacted lower tax rate under the Tax Cuts and Jobs Act (2017 Tax Act). The incremental tax benefit of \$73 million related to the re-measurement was partially offset by an \$18 million tax charge for additional income before taxes as a result of the increase in revenue. The fiscal 2017 provision for income taxes increased primarily due to additional income before taxes as a result of the increase in revenue. See "Expected Impacts to Reported Results" below for the impact of adoption of the standard on our consolidated financial statements.

Expected Impacts to Reported Results

Adoption of Topic 606 is expected to impact our reported results as follows:

	July 31, 2018		
<i>(In millions)</i>	As Reported	Topic 606 Adjustment	As Adjusted
Prepaid expenses and other current assets	\$184	\$ 18	\$ 202
Long-term deferred income taxes	87	(85)	2
Other assets	190	23	213
Deferred revenue	961	(380)	581
Other current liabilities	191	7	198
Long-term deferred revenue	197	(194)	3
Other long-term obligations	123	61	184
Stockholders' equity	2,354	462	2,816
	July 31, 2017		
<i>(In millions)</i>	As Reported	Topic 606 Adjustment	As Adjusted
Prepaid expenses and other current assets	\$100	\$ 18	\$ 118
Long-term deferred income taxes	132	(130)	2
Other assets	143	21	164
Deferred revenue	887	(313)	574
Other current liabilities	178	7	185
Long-term deferred revenue	202	(201)	1
Other long-term obligations	130	71	201
Stockholders' equity	1,354	345	1,699

Tables of Contents

	Twelve Months Ended July 31, 2018		
<i>(In millions, except per share amounts)</i>	As Reported	Topic 606 Adjustment	As Adjusted
Net revenue	\$5,964	\$ 61	\$ 6,025
Cost of revenue	977	1	978
Selling and marketing expenses	1,634	(3)	1,631
Operating income	1,497	63	1,560
Income tax provision	292	(55)	237
Net income	1,211	118	1,329

	Twelve Months Ended July 31, 2017		
<i>(In millions, except per share amounts)</i>	As Reported	Topic 606 Adjustment	As Adjusted
Net revenue	\$5,177	\$ 19	\$ 5,196
Cost of revenue	809	1	810
Selling and marketing expenses	1,420	(5)	1,415
Operating income	1,395	23	1,418
Income tax provision	396	9	405
Net income	971	14	985

Diluted earnings per share \$3.72 \$ 0.06 \$ 3.78

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

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.

Tables of Contents**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.

(In millions)	At July 31, 2018				At July 31, 2017			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Cash equivalents, primarily money market funds and savings deposit accounts	\$1,143	\$—	\$—	—\$1,143	\$181	\$—	\$—	\$181
Available-for-sale debt securities:								
Municipal bonds	—	31	—	31	—	63	—	63
Municipal auction rate securities	—	—	—	—	—	—	15	15
Corporate notes	—	412	—	412	—	382	—	382
U.S. agency securities	—	9	—	9	—	3	—	3
Total available-for-sale securities	—	452	—	452	—	448	15	463
Total assets measured at fair value on a recurring basis	\$1,143	\$452	\$—	—\$1,595	\$181	\$448	\$15	\$644

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 shown:

(In millions)	At July 31, 2018				At July 31, 2017			
	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	\$1,143	\$—	\$—	—\$1,143	\$181	\$—	\$—	\$181
Available-for-sale debt securities:								
In investments	\$—	\$252	\$—	—\$252	\$—	\$248	\$—	\$248
In funds held for customers	—	200	—	200	—	200	—	200
In long-term investments	—	—	—	—	—	—	15	15
Total available-for-sale debt securities	\$—	\$452	\$—	—\$452	\$—	\$448	\$15	\$463

We value our Level 1 assets, consisting primarily of money market funds and savings deposit accounts, 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. Financial assets whose fair values we measure using significant unobservable (Level 3) inputs consist of municipal auction rate securities that are no longer liquid. During the fourth quarter of fiscal 2018, all of our municipal auction rate securities were redeemed by the issuer at par. For the fiscal years ended July 31, 2017 and 2016, we estimated the fair values of the auction rate securities using a discounted cash flow model. Using our discounted cash flow model, we determined that the fair values of the municipal auction rate securities we held at July 31, 2017 and 2016 were approximately equal to their par values and as a result we recorded no decrease in their fair values during the twelve months then ended.

There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the twelve months ended July 31, 2018, 2017 or 2016.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Assets measured at fair value on a non-recurring basis include reporting units measured at fair value in a goodwill impairment test. Estimates of fair value for reporting units fall under Level 3 of the fair value hierarchy.

Tables of Contents

During the fourth quarters of fiscal 2018, fiscal 2017, and fiscal 2016 we performed our annual goodwill impairment tests. Using the methodology described in Note 1, we determined that the estimated fair values of all of our reporting units exceeded their carrying values and that they were not impaired.

3. Cash and Cash Equivalents, Investments, and Funds Held for Customers

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

	July 31, 2018		July 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(In millions)</i>				
Classification on balance sheets:				
Cash and cash equivalents	\$ 1,464	\$ 1,464	\$ 529	\$ 529
Investments	253	252	247	248
Funds held for customers	368	367	372	372
Long-term investments	13	13	31	31
Total cash and cash equivalents, investments, and funds held for customers	\$ 2,098	\$ 2,096	\$ 1,179	\$ 1,180

The following table summarizes our cash and cash equivalents, investments and funds held for customers by investment category at the dates indicated. See Note 2 for more information on our municipal auction rate securities.

	July 31, 2018		July 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(In millions)</i>				
Type of issue:				
Total cash and cash equivalents	\$ 1,631	\$ 1,631	\$ 701	\$ 701
Available-for-sale debt securities:				
Municipal bonds	31	31	63	63
Municipal auction rate securities	—	—	15	15
Corporate notes	414	412	381	382
U.S. agency securities	9	9	3	3
Total available-for-sale debt securities	454	452	462	463
Other long-term investments	13	13	16	16
Total cash and cash equivalents, investments, and funds held for customers	\$ 2,098	\$ 2,096	\$ 1,179	\$ 1,180

We include realized gains and losses on our available-for-sale debt securities in interest and other income or expense on our statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the twelve months ended July 31, 2018, 2017 and 2016 were not significant.

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income or loss in the stockholders' equity section of our balance sheets. Gross unrealized gains and losses on our available-for-sale debt securities at July 31, 2018 and July 31, 2017 were not 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 that we held at July 31, 2018 were not other-than-temporarily impaired. Unrealized losses on available-for-sale debt securities at July 31, 2018 were not significant and are 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.

Tables of Contents

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

<i>(In millions)</i>	July 31, 2018		July 31, 2017	
	Amortized Cost	Value	Amortized Cost	Value
Due within one year	\$250	\$ 250	\$209	\$ 209
Due within two years	117	116	164	164
Due within three years	66	65	59	60
Due after three years	21	21	30	30
Total available-for-sale debt securities	\$454	\$ 452	\$462	\$ 463

4. Property and Equipment

Property and equipment consisted of the following at the dates indicated:

<i>(Dollars in millions)</i>	Life in July 31, Years	2018		2017	
		2018	2017	2018	2017
Equipment	3-5	\$479	\$579		
Computer software	2-6	812	749		
Furniture and fixtures	5	88	82		
Leasehold improvements	3-16	325	310		
Land	NA	79	81		
Buildings	5-30	363	547		
Capital in progress	NA	48	71		
		2,194	2,419		
Less accumulated depreciation and amortization		(1,382)	(1,389)		
Total property and equipment, net		\$812	\$1,030		

NA = Not Applicable

The decrease in the total net property and equipment balance as of July 31, 2018 is primarily due to the sale of our data center in Quincy, Washington during fiscal 2018.

Capital in progress at July 31, 2018 and 2017 consisted primarily of costs related to internal use software projects and land and buildings that we are in the process of constructing on our headquarters campus in Mountain View, California. The balance of land and buildings in the capital in progress account was \$29 million at July 31, 2018 and \$30 million at July 31, 2017.

As discussed in Note 1, "Description of Business and Summary of Significant Accounting Policies – Internal Use Software," we capitalize costs related to the development of computer software for internal use. We capitalized internal use software costs totaling \$86 million for the twelve months ended July 31, 2018; \$128 million for the twelve months ended July 31, 2017; and \$103 million for the twelve months ended July 31, 2016. These amounts included capitalized labor costs of \$45 million, \$99 million and \$80 million, respectively. Costs related to internal use software projects are included in the capital in progress category of property and equipment until project completion, at which time they are transferred to the computer software category.

[Tables of Contents](#)

5. Goodwill and Acquired Intangible Assets

Goodwill

Changes in the carrying value of goodwill by reportable segment during the twelve months ended July 31, 2018 and July 31, 2017 were as shown in the following table. Our reportable segments are described in Note 14, "Segment Information."

(In millions)	Balance July 31, 2016	Goodwill Acquired/ Adjusted	Balance July 31, 2017	Goodwill Acquired/ Adjusted	Balance July 31, 2018
Small Business & Self-Employed	\$ 1,168	\$ 12	\$ 1,180	\$ 316	\$ 1,496
Consumer	23	—	23	—	23
Strategic Partner	91	1	92	—	92
Totals	\$ 1,282	\$ 13	\$ 1,295	\$ 316	\$ 1,611

Goodwill is net of accumulated impairment losses of \$114 million, which were recorded prior to July 31, 2016 and are included in our Consumer segment. The increase in goodwill in our Small Business & Self-Employed segment during the twelve months ended July 31, 2018 was primarily due to the acquisitions of TSheets.com LLC, Exactor, Inc., and Applatix. See Note 6, "Business Combinations" for more information.

Acquired Intangible Assets

The following table shows the cost, accumulated amortization and weighted average life in years for our acquired intangible assets at the dates indicated. The weighted average lives are calculated for assets that are not fully amortized.

(Dollars in millions)	Customer Lists	Purchased Technology	Trade Names and Logos	Covenants Not to Compete or Sue	Total
At July 31, 2018:					
Cost	\$ 257	\$ 403	\$ 25	\$ 39	\$ 724
Accumulated amortization	(242)	(364)	(24)	(33)	(663)
Acquired intangible assets, net	\$ 15	\$ 39	\$ 1	\$ 6	\$ 61
Weighted average life in years	5	4	3	3	4
At July 31, 2017:					
Cost	\$ 240	\$ 367	\$ 23	\$ 32	\$ 662
Accumulated amortization	(240)	(346)	(23)	(31)	(640)
Acquired intangible assets, net	\$ —	\$ 21	\$ —	\$ 1	\$ 22
Weighted average life in years	NA	6	NA	9	6

Tables of Contents

The following table shows the expected future amortization expense for our acquired intangible assets at July 31, 2018. Amortization of purchased technology is charged to cost of service and other revenue and to amortization of acquired technology in our statements of operations. Amortization of other acquired intangible assets such as customer lists is charged to amortization of other acquired intangible assets in our statements of operations. If impairment events occur, they could accelerate the timing of acquired intangible asset charges.

<i>(In millions)</i>	Expected Future Amortization Expense
Twelve months ending July 31,	
2019	\$ 25
2020	22
2021	10
2022	3
2023	1
Thereafter	—
Total expected future amortization expense	\$ 61

6. Business Combinations

During fiscal 2018 we acquired all of the outstanding equity interests of TSheets.com LLC, Exactor, Inc., and Applatix, Inc. for total combined cash and other consideration of approximately \$412 million. The \$412 million included approximately \$27 million for the fair value of equity awards and other cash consideration that is being charged to expense over the future service period of up to three years. These three businesses became part of our Small Business & Self-Employed segment and will provide additional features to our QuickBooks offerings such as automated time tracking and scheduling and the calculation and filing of sales and use taxes. We have included their results of operations in our consolidated results of operations from the dates of acquisition. Their results of operations for all periods presented and periods prior to the dates of acquisition were not material when compared with our consolidated results of operations.

Under the acquisition method of accounting we allocated the fair value of the total combined purchase consideration of \$385 million to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the dates of acquisition. The fair values assigned to the identifiable intangible assets acquired were based on estimates and assumptions determined by management. We recorded the excess of consideration over the aggregate fair values as goodwill which is primarily attributable to expected synergies from future growth. Using information available at the time the acquisitions closed, we allocated approximately \$5 million of the total combined purchase consideration to net tangible assets and approximately \$62 million to identified intangible assets which are being amortized over a weighted average life of four years. The identified intangible assets include \$38 million for purchased technology, \$17 million for customer lists, and \$7 million for covenants not to compete. We recorded the excess combined purchase consideration of approximately \$318 million as goodwill, of which approximately \$219 million is deductible for income tax purposes.

7. Discontinued Operations

On February 1, 2016 we completed the sale of our Demandforce business. On April 1, 2016 we completed the sales of our QuickBase and Quicken businesses. We received \$463 million in cash and recorded a pre-tax gain of \$354 million and a net gain of \$173 million on the disposal of these three businesses in fiscal 2016.

We classified our Demandforce, QuickBase, and Quicken businesses as discontinued operations and have therefore segregated their operating results from continuing operations in our statements of operations for all periods presented. Because the cash flows of these businesses were not material for any period presented, we have not segregated them on our statements of cash flows. Demandforce and QuickBase were part of our Small Business & Self-Employed segment and Quicken was part of our former Consumer segment.

Net revenue from discontinued operations was \$137 million for the twelve months ended July 31, 2016. We recorded net income from discontinued operations of \$173 million for the twelve months ended July 31, 2016.

Tables of Contents**8. 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 July 31, 2018, \$438 million was outstanding under the term loan, of which \$50 million was classified as short-term debt. See Note 9, "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 fiscal year ended July 31, 2018. During the twelve months ended July 31, 2018 we borrowed and repaid \$800 million under this revolving credit facility and at July 31, 2018 no amounts were outstanding. We paid \$5 million for interest on the revolving credit facility during the twelve months ended July 31, 2018, \$1 million during the twelve months ended July 31, 2017, and \$2 million during the twelve months ended July 31, 2016.

Other Current Liabilities

Other current liabilities were as follows at the dates indicated:

(In millions)	July 31,	
	2018	2017
Executive deferred compensation plan liabilities	\$97	\$83
Reserve for promotional discounts and rebates	10	19
Reserve for product returns	10	7
Current portion of license fee payable	9	10
Current portion of deferred rent	6	6
Current portion of dividend payable	10	9
Other	49	44
Total other current liabilities	\$191	\$178

9. 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 8, "Current Liabilities – Unsecured Revolving Credit Facility," for more information. The term loan is subject to quarterly principal payments of 2.5% of the loan amount which began in July 2017, with the balance payable on February 1, 2021. At July 31, 2018, \$438 million was outstanding under the term loan, of which \$50 million was classified as short-term debt. The carrying value of the term loan

Intuit Fiscal 2018 Form 10-K 74

Tables of Contents

approximates its fair value. Interest on the term loan is payable monthly. We paid \$13 million for interest on the term loan during the twelve months ended July 31, 2018, \$11 million during the twelve months ended July 31, 2017, and \$4 million during the twelve months ended July 31, 2016.

Other Long-Term Obligations

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

<i>(In millions)</i>	July 31,	
	2018	2017
Long-term income tax liabilities	\$61	\$53
Total deferred rent	47	49
Total license fee payable	9	18
Total dividend payable	14	13
Long-term deferred income tax liabilities	7	7
Other	12	16
Total long-term obligations	150	156
Less current portion (included in other current liabilities)	(27)	(26)
Long-term obligations due after one year	\$123	\$130

In May 2009 we entered into an agreement to license certain technology for \$20 million in cash and \$100 million payable over ten fiscal years. The total present value of the arrangement at inception was approximately \$89 million. The total license fee payable in the table above includes imputed interest through the dates indicated.

Operating Lease Commitments and Unconditional Purchase Obligations

We lease office facilities and equipment under non-cancellable operating lease arrangements. Our facilities leases generally provide for periodic rent increases and many contain escalation clauses and renewal options. The leases for our corporate headquarters campus in Mountain View, California expire in 2024 and 2026, with options to extend the lease terms for an additional ten years at rates to be determined in accordance with the agreements. In the ordinary course of business we enter into certain unconditional purchase obligations with our suppliers. These are agreements to purchase products and services that are enforceable, legally binding, and specify terms that include fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the payments.

Annual minimum commitments under purchase obligations and operating leases at July 31, 2018 were as shown in the table below.

<i>(In millions)</i>	Purchase Obligations	Operating Lease Commitments	Sublease Income	Net Operating Lease Commitments
Fiscal year ending July 31,				
2019	\$ 175	\$ 66	\$ 24	\$ 42
2020	121	61	22	39
2021	125	59	19	40
2022	73	51	8	43
2023	—	49	—	49
Thereafter	—	113	—	113
Total commitments	\$ 494	\$ 399	\$ 73	\$ 326

Rent expense net of sublease income for continuing operations totaled \$38 million for the twelve months ended July 31, 2018, \$34 million for the twelve months ended July 31, 2017, and \$36 million for the twelve months ended July 31, 2016. Rent expense includes base contractual rent and contractual variable expenses such as building maintenance, utilities, property taxes and insurance. Sublease income for continuing operations totaled \$23 million for the twelve months ended July 31, 2018, \$22 million for the twelve months ended July 31, 2017, and \$10 million for the twelve months ended July 31, 2016.

Tables of Contents**10. Income Taxes**

The provision for income taxes from continuing operations consisted of the following for the periods indicated:

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Current:			
Federal	\$ 197	\$ 345	\$ 401
State	38	36	33
Foreign	14	8	13
Total current	249	389	447
Deferred:			
Federal	44	4	(42)
State	(1)	1	(7)
Foreign	—	2	(1)
Total deferred	43	7	(50)
Total provision for income taxes from continuing operations	\$ 292	\$ 396	\$ 397

We recognized excess tax benefits associated with share-based compensation of \$100 million in the provision for income taxes for the twelve months ended July 31, 2018, and \$72 million in the provision for income taxes for the twelve months ended July 31, 2017. Prior to our adoption of ASU 2016-09 in the first quarter of fiscal 2017, excess tax benefits associated with share-based compensation deductions were credited to stockholders' equity rather than current tax expense. The reduction of income taxes payable resulting from share-based compensation deductions that were credited to stockholders' equity was approximately \$59 million for the twelve months ended July 31, 2016.

The sources of income from continuing operations before the provision for income taxes consisted of the following for the periods indicated:

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
United States	\$ 1,464	\$ 1,362	\$ 1,205
Foreign	39	5	(2)
Total	\$ 1,503	\$ 1,367	\$ 1,203

Differences between income taxes calculated using the federal statutory income tax rate and the provision for income taxes from continuing operations were as follows for the periods indicated:

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Income from continuing operations before income taxes	\$ 1,503	\$ 1,367	\$ 1,203
Statutory federal income tax	\$ 404	\$ 479	\$ 421
State income tax, net of federal benefit	27	24	17
Federal research and experimentation credits	(38)	(24)	(33)
Domestic production activities deduction	(28)	(34)	(34)
Share-based compensation	11	14	16
Federal excess tax benefits related to share-based compensation	(94)	(69)	—
2017 Tax Act - Deferred tax re-measurement	43	—	—
Capital loss on subsidiary reorganization	(35)	—	—
Effects of non-U.S. operations	1	5	11
Other, net	1	1	(1)
Total provision for income taxes from continuing operations	\$ 292	\$ 396	\$ 397

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The Tax Cuts and Jobs Act (2017 Tax Act) was enacted on December 22, 2017 and reduces 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 year 2018. As a result, we adjusted our annual effective tax rate for the year ended July 31, 2018, as well as adjusted our U.S. net deferred tax asset balance at the lower rates.

[Intuit Fiscal 2018 Form 10-K 76](#)

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Tables of Contents

As of July 31, 2018, we have not completed our accounting for the tax effects of enactment of the 2017 Tax Act; however, we have made a reasonable estimate of the effects on our existing deferred tax balances. We recorded a provisional charge of \$43 million for fiscal year 2018, including a provisional charge reduction of \$1 million during the fourth quarter related to the re-measurement of certain deferred tax balances.

Additionally, we have made provisional estimates of the impact of the 2017 Tax Act's changes to our fiscal 2018 annual effective tax rate for items such as meals and entertainment and executive deferred compensation deductions. We do not expect to have any material tax impact from the foreign tax provisions of the 2017 Tax Act. On December 22, 2017 the SEC issued Staff Accounting Bulletin No. 118 (SAB 118), which provides guidance for companies that are not able to complete their accounting for the income tax effects of the Act in the period of enactment. The guidance allows us to record provisional amounts to the extent a reasonable estimate can be made and provides us with up to one year from enactment date to finalize accounting for the impacts of the 2017 Tax Act. Since the 2017 Tax Act was passed in Intuit's second quarter, the deferred tax re-measurements and other items are considered provisional due to the forthcoming guidance and ongoing analysis of the final year-end data and tax positions. The analysis is expected to be completed within the 12-month measurement period in accordance with SAB 118.

During fiscal year 2018, we completed a reorganization which resulted in a taxable liquidation of a subsidiary. The transaction gave rise to a capital loss which is available for carryback to prior years to offset capital gain income previously recognized. As a result, we recognized a tax benefit of \$35 million during the fourth quarter of fiscal 2018.

The state income tax line in the table above includes excess tax benefits related to share-based compensation of \$6 million and \$3 million for the twelve months ended July 31, 2018 and 2017, respectively.

In December 2015 the Consolidated Appropriations Act, 2016 was signed into law, and includes a permanent reinstatement of the federal research and experimentation credit that was retroactive to January 1, 2015. We recorded a discrete tax benefit of approximately \$12 million for the retroactive effect during the twelve months ended July 31 2016.

The U.S. deferred income taxes as of July 31, 2018 reflect the reduction in the U.S. statutory tax rate from 35% to 21% resulting from the 2017 Tax Act. Significant deferred tax assets and liabilities were as follows at the dates indicated:

<i>(In millions)</i>	July 31,	
	2018	2017
Deferred tax assets:		
Accruals and reserves not currently deductible	\$12	\$35
Deferred revenue	46	74
Deferred rent	8	13
Accrued and deferred compensation	41	62
Loss and tax credit carryforwards	97	71
Share-based compensation	49	70
Other, net	4	14
Total gross deferred tax assets	257	339
Valuation allowance	(93)	(64)
Total deferred tax assets	164	275
Deferred tax liabilities:		
Intangible assets	65	93
Property and equipment	19	57
Total deferred tax liabilities	84	150
Net deferred tax assets	\$80	\$125

The components of total net deferred tax assets, net of valuation allowances, as shown on our balance sheets were as follows at the dates indicated:

<i>(In millions)</i>	July 31,	
	2018	2017
Long-term deferred income taxes	\$87	\$132
Long-term deferred income taxes included in other long-term obligations	(7)	(7)
Net deferred tax assets	\$80	\$125

We have provided a valuation allowance related to state research and experimentation tax credit carryforwards, foreign loss carryforwards, and state operating and capital loss carryforwards that we believe are unlikely to be realized. Changes in the

[Intuit Fiscal 2018 Form 10-K 77](#)

Tables of Contents

valuation allowance during the twelve months ended July 31, 2018 and July 31, 2017 were primarily related to an increase in the valuation allowance for state research and experimentation tax credit and foreign loss carryforwards.

At July 31, 2016, the income tax expense associated with the net gain from discontinued operations consisted of \$179 million related to the sale of Demandforce, QuickBase, and Quicken, and \$2 million related to the increase of valuation allowance on state capital loss carryforwards. See Note 7, "Discontinued Operations," for more information.

At July 31, 2018, we had total federal net operating loss carryforwards of approximately \$16 million that will start to expire in fiscal 2028. Utilization of the net operating losses is subject to annual limitation. The annual limitation may result in the expiration of net operating losses before utilization.

At July 31, 2018, we had total state net operating loss carryforwards of approximately \$93 million for which we have recorded a deferred tax asset of \$6 million and a valuation allowance of \$5 million. The state net operating losses will start to expire in fiscal 2027. Utilization of the net operating losses is subject to annual limitation. The annual limitation may result in the expiration of net operating losses before utilization.

At July 31, 2018, we had Singapore operating loss carryforwards of approximately \$84 million and Brazil operating loss carryforwards of approximately \$23 million which have an indefinite carryforward period. We maintain a full valuation allowance with respect to operating losses in these jurisdictions, as there is not sufficient evidence of future sources of taxable income required to utilize such carryforwards.

At July 31, 2018, we had California research and experimentation credit carryforwards of approximately \$100 million. We recorded a full valuation on the related deferred tax asset, as we believe it is more likely than not that these credits will not be utilized.

Unrecognized Tax Benefits

The aggregate changes in the balance of our gross unrecognized tax benefits were as follows for the periods indicated:

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Gross unrecognized tax benefits, beginning balance	\$61	\$60	\$56
Increases related to tax positions from prior fiscal years, including acquisitions	10	8	7
Decreases related to tax positions from prior fiscal years	(3)	(8)	(7)
Increases related to tax positions taken during current fiscal year	23	9	15
Settlements with tax authorities	(1)	(8)	(11)
Gross unrecognized tax benefits, ending balance	\$90	\$61	\$60

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. We do not believe that it is reasonably possible that there will be a significant increase or decrease in unrecognized tax benefits over the next 12 months. We file U.S. federal, U.S. state, and foreign tax returns. Our major tax jurisdictions are U.S. federal and the State of California. For U.S. federal tax returns we are no longer subject to tax examinations for years prior to fiscal 2013. For California tax returns we are currently under tax examinations for fiscal 2013 to fiscal 2015. We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes. Amounts accrued at July 31, 2018 and July 31, 2017 for the payment of interest and penalties were not significant. The amounts of interest and penalties that we recognized during the twelve months ended July 31, 2018, 2017 and 2016 were also not significant.

Tables of Contents

11. Stockholders' Equity

Stock Repurchase Programs

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. Under these programs, we repurchased 1.9 million shares of our common stock for \$272 million during the twelve months ended July 31, 2018. At July 31, 2018, we had authorization from our Board of Directors to expend up to an additional \$1.2 billion for stock repurchases. 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, bringing the total authorization to \$3.2 billion. 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.

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 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 fiscal 2018 we declared and paid cash dividends that totaled \$1.56 per share of outstanding common stock or approximately \$407 million. In August 2018 our Board of Directors declared a quarterly cash dividend of \$0.47 per share of outstanding common stock payable on October 18, 2018 to stockholders of record at the close of business on October 10, 2018. 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.

Description of 2005 Equity Incentive Plan

Our stockholders initially approved our 2005 Equity Incentive Plan (2005 Plan) on December 9, 2004. On January 19, 2017 our stockholders approved an Amended and Restated 2005 Equity Incentive Plan (Restated 2005 Plan) that expires on January 19, 2027 and approved an additional 23.1 million shares for issuance under that plan. Under the Restated 2005 Plan, we are permitted to grant incentive and non-qualified stock options, restricted stock awards, restricted stock units (RSUs), stock appreciation rights and stock bonus awards to our employees, non-employee directors, and consultants. The Compensation and Organizational Development Committee of our Board of Directors or its delegates determine who will receive grants, when those grants will be exercisable, their exercise price and other terms. We are permitted to issue up to 138.1 million shares under the Restated 2005 Plan. The plan provides a fungible share reserve. Each stock option granted on or after November 1, 2010 reduces the share reserve by one share and each restricted stock award or restricted stock unit granted reduces the share reserve by 2.3 shares. Stock options forfeited and returned to the pool of shares available for grant increase the pool by one share for each share forfeited. Restricted stock awards and RSUs forfeited and returned to the pool of shares available for grant increase the pool by 2.3 shares for each share forfeited. 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. At July 31, 2018, there were approximately 22.8 million shares available for grant under this plan. Stock options granted under the 2005 Plan and the Restated 2005 Plan typically vest over three to four years based on continued service and have a seven year term. RSUs granted under those plans typically vest over three to four years based on continued service. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals.

Tables of Contents**Description of Employee Stock Purchase Plan**

On November 26, 1996 our stockholders initially adopted our Employee Stock Purchase Plan (ESPP) under Section 423 of the Internal Revenue Code. The ESPP permits our eligible employees to make payroll deductions to purchase our stock on regularly scheduled purchase dates at a discount. Our stockholders have approved amendments to the ESPP to permit the issuance of up to 23.8 million shares under the ESPP, which expires upon the earliest to occur of (a) termination of the ESPP by the Board, or (b) issuance of all the shares of Intuit's common stock reserved for issuance under the ESPP. Offering periods under the ESPP are six months in duration and composed of two consecutive three-month accrual periods. Shares are purchased at 85% of the lower of the closing price for Intuit common stock on the first day of the offering period or the last day of the accrual period. Under the ESPP, employees purchased 612,768 shares of Intuit common stock during the twelve months ended July 31, 2018; 752,605 shares during the twelve months ended July 31, 2017; and 882,206 shares during the twelve months ended July 31, 2016. At July 31, 2018, there were 2,391,194 shares available for issuance under this plan.

Adoption of ASU 2016-09

In fiscal 2017 we adopted ASU 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" which requires tax benefits recognized on share-based compensation expense to be reflected in our condensed consolidated statements of operations as a component of the provision for income taxes on a prospective basis. Excess tax benefits are classified as an operating activity in our condensed consolidated statements of cash flows and we applied this provision on a retrospective basis. For the twelve months ended July 31, 2018 and 2017, we recognized excess tax benefits of \$100 million and \$72 million in our provision for income taxes. For the twelve months ended July 31, 2016, net cash provided by operating activities increased by \$59 million with a corresponding offset to net cash used in financing activities. As a result of the adoption of ASU 2016-09, as of August 1, 2016, we recognized the net cumulative effect of this change as a \$6 million increase to additional paid-in capital, a \$2 million increase to deferred tax assets and a \$4 million reduction to retained earnings.

Share-Based Compensation Expense

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

	Twelve Months Ended July 31,		
	2018	2017	2016
<i>(In millions except per share amounts)</i>			
Cost of product revenue	\$3	\$—	\$—
Cost of service and other revenue	40	8	8
Selling and marketing	101	88	77
Research and development	133	122	90
General and administrative	105	108	103
Total share-based compensation expense from continuing operations	382	326	278
Income tax benefit	(199)	(179)	(86)
Decrease in net income from continuing operations	\$183	\$147	\$192
Decrease in net income per share from continuing operations:			
Basic	\$0.71	\$0.57	\$0.73
Diluted	\$0.70	\$0.56	\$0.72

We capitalized \$3 million in share-based compensation related to internal use software projects during the twelve months ended July 31, 2018, \$7 million during the twelve months ended July 31, 2017, and \$6 million during the twelve months ended July 31, 2016. The table above also excludes share-based compensation expense for our discontinued operations, which totaled \$3 million during the twelve months ended July 31, 2016. Because we have not reclassified our statements of cash flows to segregate discontinued operations, these amounts are included in share-based compensation expense on our statements of cash flows for that period.

Determining Fair Value

Valuation and Amortization Method. We estimate the fair value of stock options granted using a lattice binomial model and a multiple option award approach. Our stock options have various restrictions, including

vesting provisions and restrictions on

[Intuit Fiscal 2018 Form 10-K 80](#)

Tables of Contents

transfer, and are often exercised prior to their contractual maturity. We believe that lattice binomial models are more capable of incorporating the features of our stock options than closed-form models such as the Black Scholes model. The use of a lattice binomial model requires the use of extensive actual employee exercise behavior and a number of complex assumptions including the expected volatility of our stock price over the term of the options, risk-free interest rates and expected dividends. We amortize the fair value of options on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

Restricted stock units (RSUs) granted typically vest based on continued service. We value these time-based RSUs at the date of grant using the intrinsic value method. We amortize the fair value of time-based RSUs on a straight-line basis over the service period. Certain RSUs granted to senior management vest based on the achievement of pre-established performance or market goals. We estimate the fair value of performance-based RSUs at the date of grant using the intrinsic value method and the probability that the specified performance criteria will be met. Each quarter we update our assessment of the probability that the specified performance criteria will be achieved and adjust our estimate of the fair value of the performance-based RSUs if necessary. We amortize the fair values of performance-based RSUs over the requisite service period for each separately vesting tranche of the award. We estimate the fair value of market-based RSUs at the date of grant using a Monte Carlo valuation methodology and amortize those fair values over the requisite service period for each separately vesting tranche of the award. The Monte Carlo methodology that we use to estimate the fair value of market-based RSUs at the date of grant incorporates into the valuation the possibility that the market condition may not be satisfied. Provided that the requisite service is rendered, the total fair value of the market-based RSUs at the date of grant must be recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria.

All of the RSUs we grant have dividend rights that are subject to the same vesting requirements as the underlying equity awards, so we do not adjust the market price of our stock on the date of grant for dividends.

Expected Term. The expected term of options granted represents the period of time that they are expected to be outstanding and is a derived output of the lattice binomial model. The expected term of stock options is impacted by all of the underlying assumptions and calibration of our model. The lattice binomial model assumes that option exercise behavior is a function of the option's remaining vested life and the extent to which the market price of our common stock exceeds the option exercise price. The lattice binomial model estimates the probability of exercise as a function of these two variables based on the history of exercises and cancellations on all past option grants made by us.

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

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

Dividends. We use an annualized expected dividend yield in our option valuation model. We paid quarterly cash dividends during all years presented and currently expect to continue to pay cash dividends in the future.

Forfeitures. We adjust share-based compensation expense for actual forfeitures as they occur. Prior to our adoption of ASU 2016-09 in the first quarter of fiscal 2017, we estimated forfeitures at the time of grant and revised those estimates in subsequent periods if actual forfeitures differed from those estimates. We used historical data to estimate pre-vesting option forfeitures and recorded share-based compensation expense only for those awards that were expected to vest.

We used the following assumptions to estimate the fair value of stock options granted and shares purchased under our Employee Stock Purchase Plan for the periods indicated:

	Twelve Months Ended July 31,		
	2018	2017	2016
Assumptions for stock options:			
Expected volatility (range)	25	% 22% - 23%	22% - 26%
Weighted average expected volatility	25	% 23	% 22
Risk-free interest rate (range)	2.84	% 1.65% - 1.70%	0.98% - 1.49%
Expected dividend yield	0.72	% 0.97% - 1.17%	1.06% - 1.36%
Assumptions for ESPP:			
Expected volatility (range)	20% - 25%	18% - 21%	

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Weighted average expected volatility	23	%	20	%	23% - 26%	25	%
Risk-free interest rate (range)	1.05% - 1.96%		0.30% - 0.89%		0.06% - 0.47%		
Expected dividend yield	0.87% - 1.10%		1.09% - 1.10%		1.13% - 1.34%		

Intuit Fiscal 2018 Form 10-K 81

Tables of Contents[Share-Based Awards Available for Grant](#)

A summary of share-based awards available for grant under our 2005 Equity Incentive Plan for the fiscal periods indicated was as follows:

<i>(Shares in thousands)</i>	Shares Available for Grant
Balance at July 31, 2015	17,183
Options granted	(2,553)
Restricted stock units granted (1)	(9,364)
Share-based awards canceled/forfeited/expired (1)(2)	3,724
Balance at July 31, 2016	8,990
Additional shares authorized	23,110
Options granted	(1,786)
Restricted stock units granted (1)	(9,160)
Share-based awards canceled/forfeited/expired (1)(2)	4,010
Balance at July 31, 2017	25,164
Options granted	(455)
Restricted stock units granted (1)	(6,504)
Share-based awards canceled/forfeited/expired (1)(2)	4,586
Balance at July 31, 2018	22,791

RSUs granted from the pool of shares available for grant under our 2005 Equity Incentive Plan reduce the pool by 2.3 shares (1) 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.

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 (2) 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.

Tables of Contents**Stock Option Activity and Related Share-Based Compensation Expense**

A summary of stock option activity for the periods indicated was as follows:

<i>(Shares in thousands)</i>	Options Outstanding	Weighted Average Exercise Price Per Share
Balance at July 31, 2015	8,713	\$69.13
Granted	2,553	113.08
Exercised	(2,566)	48.93
Canceled or expired	(354)	74.56
Balance at July 31, 2016	8,346	88.55
Granted	1,786	135.24
Exercised	(2,213)	69.12
Canceled or expired	(431)	104.78
Balance at July 31, 2017	7,488	104.50
Granted	455	216.64
Exercised	(2,416)	89.41
Canceled or expired	(373)	121.31
Balance at July 31, 2018	5,154	\$120.26

Information regarding stock options outstanding as of July 31, 2018 is summarized below:

	Number of Shares (in thousands)	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (in millions)
Options outstanding	5,154	4.82	\$120.26	\$493
Options exercisable	2,933	4.01	\$101.40	\$336

The aggregate intrinsic values at July 31, 2018 are calculated as the difference between the exercise price of the underlying options and the market price of our common stock for shares that were in-the-money at that date.

In-the-money options at July 31, 2018 were options that had exercise prices that were lower than the \$204.24 market price of our common stock at that date.

Additional information regarding our stock options and ESPP shares is shown in the table below.

<i>(In millions except per share amounts)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Weighted average fair value of options granted (per share)	\$50.77	\$25.54	\$20.35
Total grant date fair value of options vested	\$38	\$37	\$32
Aggregate intrinsic value of options exercised	\$188	\$126	\$134
Share-based compensation expense for stock options and ESPP	\$56	\$52	\$48
Total tax benefit for stock option and ESPP share-based compensation	\$56	\$49	\$13
Cash received from option exercises	\$216	\$153	\$126

Cash tax benefits realized related to tax deductions for non-qualified option exercises and disqualifying dispositions under all share-based payment arrangements	\$ 53	\$ 46	\$ 47
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[Intuit Fiscal 2018 Form 10-K 83](#)

Tables of Contents

At July 31, 2018, there was approximately \$62 million of unrecognized compensation cost related to non-vested stock options with a weighted average vesting period of 2.5 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 periods indicated was as follows:

<i>(Shares in thousands)</i>	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at July 31, 2015	8,916	\$72.48
Granted	4,072	99.30
Vested	(2,392)	78.07
Forfeited	(1,557)	77.03
Nonvested at July 31, 2016	9,039	82.30
Granted	3,983	119.84
Vested	(3,121)	86.93
Forfeited	(1,265)	76.75
Nonvested at July 31, 2017	8,636	98.76
Granted	2,828	185.53
Unregistered restricted stock granted in connection with acquisitions	75	163.00
Vested	(2,960)	105.71
Forfeited	(1,196)	88.59
Nonvested at July 31, 2018	7,383	\$131.50

Additional information regarding our RSUs is shown in the table below.

<i>(In millions)</i>	Twelve Months Ended July 31,		
	2018	2017	2016
Total fair market value of shares vested	\$ 527	\$ 388	\$ 288
Share-based compensation for RSUs	\$ 326	\$ 274	\$ 230
Total tax benefit related to RSU share-based compensation expense	\$ 143	\$ 130	\$ 73
Cash tax benefits realized for tax deductions for RSUs	\$ 142	\$ 130	\$ 92

At July 31, 2018, there was \$820 million of unrecognized compensation cost related to non-vested RSUs with a weighted average vesting period of 2.8 years. We will adjust unrecognized compensation cost for actual forfeitures as they occur.

Accumulated Other Comprehensive Loss

Comprehensive income consists of two elements, net income and other comprehensive income (loss). Other comprehensive income (loss) items are recorded in the stockholders' equity section of our balance sheets and excluded from net income. Our other comprehensive income (loss) consists of unrealized gains and losses on marketable debt securities classified as available-for-sale and foreign currency translation adjustments for subsidiaries with functional currencies other than the U.S. dollar.

The following table shows the components of accumulated other comprehensive loss, net of income taxes, in the stockholders' equity section of our balance sheets at the dates indicated.

<i>(In millions)</i>	July 31,	
	2018	2017
Unrealized losses on available-for-sale debt securities	\$(2)	\$—
Foreign currency translation adjustments	(33)	(22)

Total accumulated other comprehensive loss \$(35) \$(22)

Intuit Fiscal 2018 Form 10-K 84

Tables of Contents

12. Benefit Plans

Non-Qualified Deferred Compensation Plan

Intuit's Non-Qualified Deferred Compensation Plan provides that executives who meet minimum compensation requirements are eligible to defer up to 75% of their salaries and up to 75% of their bonuses. We have agreed to credit the participants' contributions with earnings that reflect the performance of certain independent investment funds. We do not guarantee above-market interest on account balances. We may also make discretionary employer contributions to participant accounts in certain circumstances. The timing, amounts, and vesting schedules of employer contributions are at the sole discretion of the Compensation and Organizational Development Committee of our Board of Directors or its delegate. The benefits under this plan are unsecured and are general assets of Intuit. Participants are generally eligible to receive payment of their vested benefit at the end of their elected deferral period or after termination of their employment with Intuit for any reason or at a later date to comply with the restrictions of Section 409A of the Internal Revenue Code. Participants may elect to receive their payments in a lump sum or installments. Discretionary company contributions and the related earnings vest completely upon the participant's disability, death, or a change in control of Intuit. We made no employer contributions to the plan for any period presented.

We had liabilities related to this plan of \$97 million at July 31, 2018 and \$83 million at July 31, 2017. We have matched the plan liabilities with similar-performing assets, which are primarily investments in life insurance contracts. These assets are recorded in other long-term assets while liabilities related to obligations are recorded in other current liabilities on our balance sheets.

401(k) Plan

In the United States, employees who participate in the Intuit Inc. 401(k) Plan may currently contribute up to 50% of pre-tax compensation, subject to Internal Revenue Service limitations and the terms and conditions of the plan. We match a portion of employee contributions, currently 125% up to six percent of salary, subject to Internal Revenue Service limitations. Matching contributions were \$50 million for the twelve months ended July 31, 2018; \$49 million for the twelve months ended July 31, 2017; and \$46 million for the twelve months ended July 31, 2016.

13. 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, which is subject to preliminary and final approval by the court. On August 23, 2018, the parties filed a motion for preliminary approval of the settlement. A preliminary approval hearing is scheduled to be heard on October 4, 2018. The terms of the proposed 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.

14. Segment Information

In August 2017, we aligned our segment reporting for fiscal 2018 with our core customers and business partners. The Consumer Ecosystem offering moved from the Small Business segment into the Consumer Tax segment. The company also renamed the Small Business, Consumer Tax, and ProConnect segments as the Small Business & Self-Employed, Consumer, and Strategic Partner segments, respectively. The Strategic Partner segment will continue to manage our professional tax

Tables of Contents

offerings. We have reclassified certain amounts related to our reportable segments previously reported in our financial statements to conform to the current presentation.

We have defined 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 globe, and the accounting professionals who serve and advise them. Our offerings include QuickBooks financial and business management online services and desktop software, payroll solutions, 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 the twelve months ended July 31, 2018, 2017 and 2016.

We include expenses such as corporate selling and marketing, product development, general and administrative expenses and share-based compensation expenses, 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. 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. See Note 5, "Goodwill and Acquired Intangible Assets," for goodwill by reportable segment.

The following table shows our financial results by reportable segment for the periods indicated. Segment results for fiscal 2017 and 2016 have been reclassified to conform to the fiscal 2018 segment presentation, as described earlier in this footnote. Results for all periods presented have been adjusted to exclude results for our Demandforce, QuickBase, and Quicken businesses, which we classified as discontinued operations in the fourth quarter of fiscal 2015 and sold during fiscal 2016. See Note 7, "Discontinued Operations," for more information.

	Twelve Months Ended July		
	31,		
<i>(In millions)</i>	2018	2017	2016
Net revenue:			
Small Business & Self-Employed	\$ 2,994	\$ 2,539	\$ 2,221
Consumer	2,517	2,201	2,045
Strategic Partner	453	437	428
Total net revenue	\$ 5,964	\$ 5,177	\$ 4,694
Operating income from continuing operations:			
Small Business & Self-Employed	\$ 1,257	\$ 1,072	\$ 879
Consumer	1,596	1,395	1,304
Strategic Partner	281	263	268
Total segment operating income	3,134	2,730	2,451
Unallocated corporate items:			
Share-based compensation expense	(382)	(326)	(278)
Other common expenses	(1,234)	(995)	(897)
Amortization of acquired technology	(15)	(12)	(22)
Amortization of other acquired intangible assets	(6)	(2)	(12)
Total unallocated corporate items	(1,637)	(1,335)	(1,209)

Total operating income from continuing operations \$1,497 \$1,395 \$1,242

[Intuit](#) Fiscal 2018 Form 10-K 86

Tables of Contents

(In millions)

	Beginning Balance	Additions Charged to Expense/ Revenue	Deductions	Ending Balance
Year ended July 31, 2018				
Allowance for doubtful accounts	\$ 46	\$ 58	\$ (99)	\$ 5
Reserve for product returns	7	93	(90)	10
Reserve for promotional discounts and rebates	19	99	(108)	10

Year ended July 31, 2017

Allowance for doubtful accounts	\$ 51	\$ 44	\$ (49)	\$ 46
Reserve for product returns	7	76	(76)	7
Reserve for promotional discounts and rebates	14	113	(108)	19

Year ended July 31, 2016

Allowance for doubtful accounts	\$ 45	\$ 49	\$ (43)	\$ 51
Reserve for product returns	12	70	(75)	7
Reserve for promotional discounts and rebates	12	103	(101)	14

Notes: The table above excludes balances and activity for our discontinued operations for all periods presented.

Intuit Fiscal 2018 Form 10-K 88

Tables of Contents

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A - 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 Annual Report on Form 10-K 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.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of July 31, 2018 based on the guidelines established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, our management has concluded that our internal control over financial reporting was effective as of July 31, 2018 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. We reviewed the results of management's assessment with the Audit and Risk Committee of Intuit's Board of Directors.

Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of July 31, 2018. Their report is included in Item 8 of this Annual Report on Form 10-K.

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.

ITEM 9B - OTHER INFORMATION

None.

Tables of Contents

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information about our executive officers shown below, the information required by this Item 10 is incorporated by reference from the information contained in our Proxy Statement to be filed with the U.S. Securities and Exchange Commission in connection with the solicitation of proxies for our 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement") under the sections entitled "Proposal No. 1 - Election of Directors – Our Board Nominees," "Corporate Governance," and "Stock Ownership Information – Section 16(a) Beneficial Ownership Reporting Compliance."

We maintain a Code of Conduct and Ethics that applies to all employees, including all officers. We also maintain a Board of Directors Code of Ethics that applies to all members of our Board of Directors. Our Code of Conduct and Ethics and Board of Directors Code of Ethics incorporate guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. Our Code of Conduct and Ethics and Board of Directors Code of Ethics are published on our Investor Relations website at <https://investors.intuit.com/Corporate-Governance/Conduct-Guidelines/default.aspx>. We disclose amendments to certain provisions of our Code of Conduct and Ethics and Board of Directors Code of Ethics, or waivers of such provisions granted to executive officers and directors, on this website.

EXECUTIVE OFFICERS

The following table shows Intuit's executive officers and their areas of responsibility as of August 1, 2018. Their biographies follow the table.

Name	Age	Position
Brad D. Smith	54	Chairman of the Board of Directors, President and Chief Executive Officer
Scott D. Cook	66	Chairman of the Executive Committee
Michelle M. Clatterbuck	50	Executive Vice President and Chief Financial Officer
Laura A. Fennell	57	Executive Vice President, People and Places
Sasan K. Goodarzi	50	Executive Vice President and General Manager, Small Business & Self-Employed Group
Gregory N. Johnson	50	Executive Vice President and General Manager, Consumer Group
Kerry J. McLean	54	Senior Vice President, General Counsel and Corporate Secretary
H. Tayloe Stansbury	57	Executive Vice President and Chief Technology Officer
Mark J. Flournoy	52	Vice President, Corporate Controller and Chief Accounting Officer

Mr. Smith has been President and Chief Executive Officer and a member of the Board of Directors since January 2008. He became Chairman of the Board in January 2016. On August 23, 2018, we announced that, effective January 1, 2019, Mr. Smith will be stepping down as the Chief Executive Officer of the company and will become the Executive Chairman of the Board. Prior to his role as the President and Chief Executive Officer, he was Senior Vice President and General Manager, Small Business Division from May 2006 to December 2007 and Senior Vice President and General Manager, QuickBooks from May 2005 to May 2006. He also served as Senior Vice President and General Manager, Consumer Tax Group from March 2004 until May 2005 and as Vice President and General Manager of Intuit's Accountant Central and Developer Network from February 2003 to March 2004. Prior to joining Intuit in February 2003, Mr. Smith was Senior Vice President of Marketing and Business Development at ADP, a provider of business outsourcing solutions, where he held several executive positions from 1996 to 2003. Mr. Smith also serves on the boards of directors of Nordstrom, Inc. and SurveyMonkey Inc. Mr. Smith holds a Bachelor's degree in Business Administration from Marshall University and a Master's degree in Management from Aquinas College.

Mr. Cook, a founder of Intuit, has been an Intuit director since March 1984 and is currently Chairman of the Executive Committee. He served as Intuit's Chairman of the Board from February 1993 through July 1998. From April 1984 to April 1994, he served as Intuit's President and Chief Executive Officer. Mr. Cook also serves on the board of directors of The Procter & Gamble Company. Mr. Cook holds a Bachelor of Arts degree in Economics and Mathematics from the University of Southern California and a Master's degree in Business Administration from Harvard Business School.

Ms. Clatterbuck has been Executive Vice President and Chief Financial Officer since February 2018. She manages the financial strategy and operations across the company, including Treasury, Procurement, Investor Relations and Finance Operations. Ms. Clatterbuck served as acting finance leader for Intuit's Small Business Group from June 2017 through January 2018, led finance for the Consumer Tax Group beginning in September 2012 and was promoted to Senior Vice President for that group in August 2016. Her earlier roles at Intuit include Vice President of

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finance for the Professional Tax business in 2006 and finance director in October 2004. Ms. Clatterbuck joined Intuit in March 2003 as a senior finance manager. Prior to Intuit, Ms.

[Intuit Fiscal 2018 Form 10-K 90](#)

Tables of Contents

Clatterbuck held various financial management roles at General Electric. Before that, she was a financial litigation consultant at The Barrington Consulting Group. Ms. Clatterbuck holds a bachelor's degree in commerce with a concentration in finance from the University of Virginia.

Ms. Fennell has been Executive Vice President, People and Places since August 2018 and previously served as Executive Vice President, General Counsel and Corporate Secretary. She served as Senior Vice President, General Counsel and Corporate Secretary from February 2007. Ms. Fennell joined Intuit as Vice President, General Counsel and Corporate Secretary in April 2004. She leads the team responsible for acquiring, developing, mobilizing and rewarding the company's global workforce. Prior to joining Intuit, Ms. Fennell spent nearly eleven years at Sun Microsystems, Inc., most recently as Vice President of Corporate Legal Resources, as well as Acting General Counsel. Prior to joining Sun, she was an associate attorney at Wilson Sonsini, Goodrich & Rosati PC. Ms. Fennell sits on the board of directors of the Children's Discovery Museum of San Jose. Ms. Fennell holds a Bachelor of Science degree in Business Administration from California State University, Chico and a Juris Doctor from Santa Clara University.

Mr. Goodarzi has been Executive Vice President and General Manager of Intuit's Small Business Group since May 2016. On August 23, 2018, we announced that, effective January 1, 2019, Mr. Goodarzi will become the Chief Executive Officer of the company and a member of the Board of Directors. He previously was Executive Vice President and General Manager of Intuit's Consumer Tax Group from August 2015 through April 2016 and from August 2013 to July 2015 served as Senior Vice President and General Manager of the Consumer Tax Group. He served as Intuit's Senior Vice President and Chief Information Officer from August 2011 to July 2013, having rejoined Intuit after serving as CEO of Nexant Inc., a privately held provider of intelligent grid software and clean energy solutions, beginning in November 2010. During his previous tenure at Intuit from 2004 to 2010, Mr. Goodarzi led several business units including Intuit Financial Services and the professional tax division. Prior to joining Intuit, Mr. Goodarzi worked for Invensys, a global provider of industrial automation, transportation and controls technology, serving as global president of the products group. He also held a number of senior leadership roles in the automation control division at Honeywell. He serves on the board of Atlassian Corporation Plc. Mr. Goodarzi holds a Bachelor's degree in Electrical Engineering from the University of Central Florida and a Master's degree in Business Administration from the Kellogg School of Management at Northwestern University.

Mr. Johnson has been Executive Vice President and General Manager of Intuit's Consumer Group since August 2018. He joined Intuit in 2012 as Senior Vice President of marketing. Mr. Johnson leads an organization that offers a suite of consumer tax and financial products and services in the U.S. and Canada. He has more than 20 years' experience in marketing, which spans across consumer packaged goods, retail, and international and emerging markets. Prior to joining Intuit, Mr. Johnson worked for various organizations, including Kraft Foods, SC Johnson, Kodak, Gillette, Best Buy, and the United States Air Force. Mr. Johnson holds a Bachelor of Science degree in Operations Research from the United States Air Force Academy.

Ms. McLean has been Senior Vice President, General Counsel and Corporate Secretary since August 2018, after having served as Vice President, Deputy General Counsel since August 2010. She joined Intuit in 2006 as Director, Deputy General Counsel. Ms. McLean leads Intuit's legal, privacy and compliance teams. Prior to joining Intuit, Ms. McLean spent over six years at Wind River Systems, Inc., most recently as the Director of Legal. Prior to joining Wind River, she was an associate at Howard, Rice, Nemerovski, Canady, Falk & Rabkin PC (now Arnold & Porter Kaye Scholer LLP). Ms. McLean holds a Bachelor of Arts degree in International Relations from University of California, Davis and a Juris Doctor from University of California, Hastings College of Law.

Mr. Stansbury has been Executive Vice President and Chief Technology Officer since August 2015 and joined Intuit in May 2009 as Senior Vice President and Chief Technology Officer. On August 23, 2018, we announced that Mr. Stansbury will be stepping down from his role as the Chief Technology Officer of the company effective January 1, 2019. Mr. Stansbury previously served as chief information officer of VMware. Earlier he was executive vice president of Ariba and held executive engineering and general management roles at Calico Commerce and Xerox, led developer tools engineering groups at Borland International and Sun Microsystems, and researched intelligent systems at Xerox PARC. Mr. Stansbury serves on the boards of Coupa Software Inc. and Shutterfly, Inc. Mr. Stansbury holds a Bachelor's degree in Applied Mathematics from Harvard University.

Mr. Flournoy was appointed as Vice President and Chief Accounting Officer in February 2014. He joined Intuit in 2003 as director of general accounting and internal controls and was named Corporate Controller in 2012. From 1996 to 2003, Mr. Flournoy served as a corporate controller for various private and public companies in California. He began his career in public accounting at Ernst & Young, where he served from 1992 to 1996. Mr. Flournoy holds a Bachelor's degree in Business Administration – Finance from the University of Southern California and a secondary Bachelor's degree in Accounting from San Diego State University.

ITEM 11 - EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated by reference from the information contained in our 2019 Proxy Statement under the sections entitled "Corporate Governance – Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Equity Compensation Plan Information," and "Executive Compensation

Tables.”

[Intuit Fiscal 2018 Form 10-K 91](#)

Tables of Contents

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated by reference from the information contained in our 2019 Proxy Statement under the sections entitled "Stock Ownership Information" and "Executive Compensation Tables."

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated by reference from the information contained in our 2019 Proxy Statement under the sections entitled "Corporate Governance – Director Independence" and "Transactions with Related Persons."

ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICE

The information required by this Item 14 is incorporated by reference from the information contained in our 2019 Proxy Statement under the section entitled "Proposal No. 3 – Ratification of Selection of Independent Registered Public Accounting Firm."

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements – See Index to Consolidated Financial Statements in Part II, Item 8.
2. Financial Statement Schedules – See Index to Consolidated Financial Statements in Part II, Item 8.
3. Exhibits – See Exhibit Index immediately following the signature page of this Annual Report on Form 10-K.

[Tables of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**INTUIT
INC.**

Dated: August 31, 2018 By: /s/ MICHELLE
M.
CLATTERBUCK
Michelle M.
Clatterbuck
Executive
Vice President
and Chief
Financial
Officer
(Principal
Financial
Officer)

[Intuit Fiscal 2018 Form 10-K 93](#)

Tables of Contents**POWER OF ATTORNEY**

By signing this Annual Report on Form 10-K below, I hereby appoint each of Brad D. Smith and Michelle M. Clatterbuck as my attorney-in-fact to sign all amendments to this Form 10-K on my behalf, and to file this Form 10-K (including all exhibits and other documents related to the Form 10-K) with the Securities and Exchange Commission. I authorize each of my attorneys-in-fact to (1) appoint a substitute attorney-in-fact for himself and (2) perform any actions that he believes are necessary or appropriate to carry out the intention and purpose of this Power of Attorney. I ratify and confirm all lawful actions taken directly or indirectly by my attorneys-in-fact and by any properly appointed substitute attorneys-in-fact.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
Principal Executive Officer:		
/s/ BRAD D. SMITH Brad D. Smith	Chairman of the Board of Directors, President and Chief Executive Officer	August 31, 2018
Principal Financial Officer:		
/s/ MICHELLE M. CLATTERBUCK Michelle M. Clatterbuck	Executive Vice President and Chief Financial Officer	August 31, 2018
Principal Accounting Officer:		
/s/ MARK J. FLOURNOY Mark J. Flournoy	Vice President, Corporate Controller and Chief Accounting Officer	August 31, 2018
Additional Directors:		
/s/ EVE BURTON Eve Burton	Director	August 31, 2018
/s/ SCOTT D. COOK Scott D. Cook	Director	August 31, 2018
/s/ RICHARD DALZELL Richard Dalzell	Director	August 31, 2018
/s/ DEBORAH LIU Deborah Liu	Director	August 31, 2018
/s/ SUZANNE NORA JOHNSON Suzanne Nora Johnson	Director	August 31, 2018
/s/ DENNIS D. POWELL Dennis D. Powell	Director	August 31, 2018
/s/ THOMAS SZKUTAK Thomas Szkutak	Director	August 31, 2018

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Thomas Szkutak

/s/ RAUL VAZQUEZ

Director

August 31,
2018

Raul Vazquez

/s/ JEFF WEINER

Director

August 31,
2018

Jeff Weiner

[Intuit Fiscal 2018 Form 10-K 94](#)

Tables of Contents**EXHIBIT INDEX**

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
3.01	<u>Restated Intuit Certificate of Incorporation, dated as of January 19, 2000</u>		10-Q	6/14/2000
3.02	<u>Bylaws of Intuit, as amended and restated effective May 5, 2016</u>		8-K	5/9/2016
4.01	<u>Form of Specimen Certificate for Intuit's Common Stock</u>		10-K	9/15/2009
10.01+	<u>Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as amended through January 19, 2017</u>		S-8 333-215639	1/20/2017
10.02+	<u>Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as amended through January 23, 2014</u>		S-8 333-193551	1/24/2014
10.03+	<u>Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as amended through July 24, 2012</u>		8-K	7/27/2012
10.04+	<u>Intuit Inc. Amended and Restated 2005 Equity Incentive Plan, as approved January 19, 2011</u>		S-8 333-171768	1/19/2011
10.05+	<u>Intuit Inc. 2005 Equity Incentive Plan, as amended December 15, 2009</u>		S-8 333-163728	12/15/2009
10.06+	<u>Intuit Inc. 2005 Equity Incentive Plan, as amended December 16, 2008</u>		S-8 333-156205	12/17/2008
10.07+	<u>Intuit Inc. 2005 Equity Incentive Plan, as amended April 23, 2008</u>		8-K	4/28/2008
10.08+	<u>Forms of Equity Grant Agreements: EVP-SVP TSR Performance-Based Restricted Stock Unit, CEO TSR Performance-Based Restricted Stock Unit, EVP Time-Based Restricted Stock Unit, CEO Restricted Stock Unit, Stock Option - 4 year vest, Time-Based RSU - 4 year vest (focal), New Hire Time-Based Restricted Stock Unit - 4 year vest</u>	X		
10.09+	<u>Forms of Equity Grant Agreements: Restricted Stock Unit, CEO TSR Performance-Based Restricted Stock Unit, CEO Restricted Stock Unit, Executive TSR Performance-Based Restricted Stock Unit, EVP Restricted Stock Unit, Restricted Stock Unit - MSPP Purchased, Restricted Stock Unit- MSPP Matching, Stock Option</u>		10-K	9/1/2017
10.10+	<u>Forms of Equity Grant Agreements: CEO Restricted Stock Unit, CEO TSR Performance-Based Restricted Stock Unit, Executive Restricted Stock Unit, EVP/SVP TSR Performance-Based Restricted Stock Unit, Restricted Stock Unit, and Stock Option Agreement</u>		10-K	9/1/2016
10.11+	<u>Form of CEO Restricted Stock Unit Agreement - time-based vesting (deferred release)</u>		10-K	9/1/2015
10.12+	<u>Form of CEO Restricted Stock Unit Agreement - performance-based - Total Shareholder Return Goals (deferred release)</u>		10-K	9/1/2015
10.14+	<u>Form of Performance-Based Restricted Stock Unit Agreement (total shareholder return goals)</u>		10-K	9/12/2014
10.15+	<u>Form of Amended and Restated 2005 Equity Incentive Plan Non-Qualified Stock Option Grant Agreement: New Hire, Promotion,</u>		10-K	9/13/2013

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Retention or Focal Grant

10.16+	<u>Form of Restricted Stock Unit Agreement (service-based vesting)</u>	10-K	9/13/2012
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[Intuit Fiscal 2018 Form 10-K 95](#)

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Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.17+	<u>Form of Restricted Stock Unit Agreement (executive vesting)</u>		10-K	9/13/2012
10.18+	<u>Form of Executive Promotion/New Hire Stock Option Agreement</u>		10-K	9/12/2008
10.19+	<u>2005 Equity Incentive Plan Form of Non-Qualified Stock Option - New Hire, Promotion or Retention Grant</u>		10-Q	12/10/2004
10.20+	<u>Description of Non-Employee Director Compensation, approved October 19, 2017 and effective January 18, 2018</u>		10-Q	11/20/2017
10.21+	<u>Non-employee Director Compensation Program, effective January 21, 2016</u>		10-Q	2/25/2016
10.22+	<u>Forms of Non-employee Director Restricted Stock Unit Agreements</u>		10-Q	11/20/2017
10.23+	<u>Form of Director Restricted Stock Units Initial Grant Agreements</u>		10-Q	3/1/2013
10.24+	<u>Form of Director Restricted Stock Units Initial Grant Agreement for Mid-Year Directors</u>		10-Q	3/1/2013
10.25+	<u>Form of Director Restricted Stock Units Succeeding Grant Agreement</u>		10-Q	3/1/2013
10.26+	<u>Form of Director Restricted Stock Units Succeeding Grant Agreement for Mid-Year Directors</u>		10-Q	3/1/2013
10.27+	<u>Form of Director Restricted Stock Units Conversion Grant Agreement</u>		10-Q	3/1/2013
10.28+	<u>Form of Director Restricted Stock Unit Grant Agreement</u>		10-Q	12/1/2011
10.29+	<u>Third Amended and Restated Management Stock Purchase Program</u>		10-Q	5/24/2016
10.30+	<u>Second Amended and Restated Management Stock Purchase Program</u>		10-Q	2/29/2012
10.31+	<u>Form of Restricted Stock Unit Grant Agreement for MSPP Purchased Award</u>		10-K	9/13/2012
10.32+	<u>Form of Restricted Stock Unit Grant Agreement for MSPP Matching Award</u>		10-K	9/13/2012
10.33+	<u>PayCycle, Inc. 1999 Equity Incentive Plan, as amended, effective November 1, 1999</u>		S-8	8/5/2009
10.34+	<u>Form of Intuit Inc. Stock Option Assumption Agreement</u>		S-8	8/5/2009
10.35+	<u>Intuit Executive Relocation Policy</u>	X		
10.36+	<u>Intuit Inc. Non-qualified Deferred Compensation Plan, effective January 1, 2009</u>		10-Q	11/20/2017

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10.37+	<u>Intuit Inc. 2005 Executive Deferred Compensation Plan, effective January 1, 2005</u>	10-Q	12/10/2004
10.38+	<u>Intuit Executive Deferred Compensation Plan, effective March 15, 2002</u>	10-Q	5/31/2002
10.39+	<u>Intuit Inc. Performance Incentive Plan for Fiscal Year 2018</u>	10-K	9/1/2017
10.40+	<u>Intuit Inc. Performance Incentive Plan for Fiscal Year 2017</u>	10-K	9/1/2016
10.41+	<u>Intuit Inc. Senior Executive Incentive Plan, effective August 1, 2018</u> x		

[Intuit Fiscal 2018 Form 10-K 96](#)

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Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.42+	<u>Intuit Inc. Senior Executive Incentive Plan, generally effective October 27, 2015</u>		10-Q	11/20/2017
10.43+	<u>Form of Indemnification Agreement entered into by Intuit with each of its directors and certain officers</u>		10-Q	2/23/2017
10.44+	<u>Amendment dated December 1, 2008 to Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. Brad D. Smith dated October 1, 2007</u>		10-Q	12/4/2008
10.45+	<u>Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. Brad D. Smith, dated October 1, 2007</u>		8-K	10/5/2007
10.46+	<u>Letter regarding Terms of Employment by and between Intuit Inc. and Ms. Michelle Clatterbuck dated January 19, 2018</u>		8-K	1/23/2018
10.47+	<u>Amendment dated December 1, 2008 to Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. R. Neil Williams dated November 2, 2007</u>		10-Q	12/4/2008
10.48+	<u>Letter Regarding Terms of Employment by and between Intuit Inc. and Mr. R. Neil Williams, dated November 2, 2007</u>		8-K	11/8/2007
10.49+	<u>Employment offer letter between Intuit Inc. and Sasan Goodarzi dated June 24, 2011 and Employment memo dated July 23, 2013 to Sasan Goodarzi</u>		10-K	9/13/2013
10.50+	<u>Employment memo dated August 20, 2015 to Sasan Goodarzi</u>		10-K	9/1/2015
10.51+	<u>Employment Memo dated August 14, 2014 to Sasan Goodarzi</u>		10-K	9/12/2014
10.52+	<u>Employment Memo dated August 23, 2017 to Daniel Wernikoff</u>		10-K	9/1/2017
10.53+	<u>Employment memo dated August 29, 2016 to Daniel Wernikoff</u>		10-K	9/1/2016
10.54+	<u>Employment offer letter between Intuit Inc. and Daniel Wernikoff dated February 12, 2003</u>		10-K	9/13/2013
10.55+	<u>Employment offer letter between Intuit Inc. and Tayloe Stansbury dated April 27, 2009</u>		10-K	9/12/2014
10.56	<u>Credit Agreement by and among Intuit, the Lenders parties thereto (the "Lenders"), Bank of America, N.A. and JPMorgan Chase Bank, N.A., as co-administrative agents, U.S. Bank National Association and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as co-syndication agents for the Lenders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, I.P. Morgan Securities L.L.C., U.S. Bank National Association and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as joint lead arrangers and joint bookrunners dated February 1, 2016</u>		10-Q	2/25/2016
10.57	<u>Free On-Line Electronic Tax Filing Agreement Amendment, effective as of October 30, 2005 between the Internal Revenue Service and the Free File Alliance, LLC</u>		10-Q	12/5/2005
10.58			10-Q	12/4/2009

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Free On-Line Electronic Tax Filing Agreement Amendment dated November 5, 2009 between the Internal Revenue Service and the Free File Alliance, LLC

10.59	<u>Free On-Line Electronic Tax Filing Agreement Amendment, effective as of October 30, 2014, between the Internal Revenue Service and Free File, Inc.</u>	10-K	9/12/2014
10.60	<u>Seventh Memorandum of Understanding on Service Standards and Disputes between the Internal Revenue Service and Free File, Incorporated, effective October 31, 2015</u>	10-K	9/1/2015

[Intuit Fiscal 2018 Form 10-K 97](#)

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Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
10.61#	<u>Master Services Agreement between Intuit and Arvato Services, Inc., dated May 28, 2003</u>		10-K	9/19/2003
10.62	<u>Second Amendment to Master Service Agreement between Intuit and Arvato Services, Inc., effective May 29, 2007</u>		10-K	9/14/2007
10.63#	<u>Amendment 3 to Master Services Agreement between Intuit and Arvato Services, Inc., effective April 1, 2008</u>		10-Q	5/30/2008
10.64#	<u>Amendment 5 to the Master Services Agreement between Intuit and Arvato Digital Services LLC effective August 19, 2010</u>		10-Q	12/6/2010
10.65	<u>Amended and Restated Amendment Seven to the Master Service Agreement by and between Intuit and Arvato Digital Services effective September 1, 2013</u>		10-Q	11/22/2013
10.66	<u>Amendment 8 to the Master Services Agreement between Intuit and Arvato Digital Services LLC effective August 1, 2014</u>		10-K	9/12/2014
10.67#	<u>Agreement of Purchase and Sale and Joint Escrow Instructions by and between Intuit Inc. and Kilroy Realty, L.P.</u>		8-K	11/16/2015
10.68	<u>Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2475, 2500, 2525, 2535 and 2550 Garcia Avenue, Mountain View, CA</u>		10-K	9/19/2003
10.69	<u>Lease Agreement dated as of July 31, 2003 between Intuit and Charleston Properties for 2650, 2675, 2700 and 2750 Coast Avenue and 2600 Casey Avenue, Mountain View, California</u>		10-K	9/19/2003
10.70	<u>Second Amendment to Lease Agreement Phase 1, effective January 1, 2011, between Intuit Inc. and Charleston Properties</u>		10-Q	3/1/2011
10.71	<u>Third Amendment to Lease Agreement Phase 2, effective January 1, 2011, between Intuit Inc. and Charleston Properties</u>		10-Q	3/1/2011
21.01	<u>List of Intuit's Subsidiaries</u>	X		
23.01	<u>Consent of Independent Registered Public Accounting Firm</u>	X		
24.01	<u>Power of Attorney (see signature page)</u>	X		
31.01	<u>Certification of Chief Executive Officer</u>	X		
31.02	<u>Certification of Chief Financial Officer</u>	X		
32.01*	<u>Section 1350 Certification (Chief Executive Officer)</u>	X		
32.02*	<u>Section 1350 Certification (Chief Financial Officer)</u>	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		

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101.SCH	XBRL Taxonomy Extension Schema	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X

[Intuit Fiscal 2018 Form 10-K 98](#)

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Tables of Contents

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/File No.	Date
101.LAB	XBRL Taxonomy Extension Label Linkbase	X		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X		
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X		

+ Indicates a management contract or compensatory plan or arrangement.

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

* This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Intuit specifically incorporates it by reference.

[Intuit Fiscal 2018 Form 10-K 99](#)