

INTUIT INC
Form 10-Q
November 29, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

R Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended October 31, 2012

OR
o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____ .

Commission File Number 0-21180

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

Delaware
(State of incorporation)

77-0034661
(IRS employer identification
no.)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 R No o

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

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

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 296,053,798 shares of Common Stock, \$0.01 par value, were outstanding at November 20, 2012.

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EX-101.INS XBRL Instance Document

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EX-101.SCH XBRL Taxonomy Extension Schema
EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase
EX-101.LAB XBRL Taxonomy Extension Label Linkbase
EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase
EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

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ITEM 1
FINANCIAL STATEMENTSINTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In millions, except per share amounts)	Three Months Ended	
	October 31, 2012	October 31, 2011
Net revenue:		
Product	\$227	\$222
Service and other	420	353
Total net revenue	647	575
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	32	32
Cost of service and other revenue	145	132
Amortization of acquired technology	5	3
Selling and marketing	251	216
Research and development	178	163
General and administrative	98	92
Amortization of other acquired intangible assets	7	21
Total costs and expenses	716	659
Operating loss from continuing operations	(69)	(84)
Interest expense	(8)	(15)
Interest and other income, net	2	11
Loss before income taxes	(75)	(88)
Income tax benefit	(24)	(30)
Net loss from continuing operations	(51)	(58)
Net income (loss) from discontinued operations	32	(6)
Net loss	\$(19)	\$(64)
Basic net loss per share from continuing operations	\$(0.17)	\$(0.19)
Basic net income (loss) per share from discontinued operations	0.11	(0.02)
Basic net loss per share	\$(0.06)	\$(0.21)
Shares used in basic per share calculations	296	300
Diluted net loss per share from continuing operations	\$(0.17)	\$(0.19)
Diluted net income (loss) per share from discontinued operations	0.11	(0.02)
Diluted net loss per share	\$(0.06)	\$(0.21)
Shares used in diluted per share calculations	296	300
Dividends declared per common share	\$0.17	\$0.15
See accompanying notes.		

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INTUIT INC.
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
 (Unaudited)

(In millions)	Three Months Ended	
	October 31, 2012	October 31, 2011
Net loss	\$(19)	\$(64)
Other comprehensive income (loss), net of income taxes:		
Unrealized losses on available-for-sale debt securities	—	(1)
Unrealized gains on available-for-sale equity securities	3	—
Foreign currency translation gains (losses)	1	(5)
Total other comprehensive income (loss), net	4	(6)
Comprehensive loss	\$(15)	\$(70)

See accompanying notes.

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INTUIT INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions)	October 31, 2012	July 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$216	\$393
Investments	342	351
Accounts receivable, net	184	183
Income taxes receivable	165	53
Deferred income taxes	133	184
Prepaid expenses and other current assets	85	69
Current assets before funds held for customers	1,125	1,233
Funds held for customers	209	290
Total current assets	1,334	1,523
Long-term investments	75	75
Property and equipment, net	595	567
Goodwill	2,191	2,200
Acquired intangible assets, net	201	213
Other assets	98	106
Total assets	\$4,494	\$4,684
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$167	\$157
Accrued compensation and related liabilities	135	231
Deferred revenue	421	443
Other current liabilities	142	144
Current liabilities before customer fund deposits	865	975
Customer fund deposits	209	290
Total current liabilities	1,074	1,265
Long-term debt	499	499
Other long-term obligations	176	176
Total liabilities	1,749	1,940
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	3,114	3,018
Treasury stock, at cost	(4,941	) (4,911
Accumulated other comprehensive income	29	25
Retained earnings	4,543	4,612
Total stockholders' equity	2,745	2,744
Total liabilities and stockholders' equity	\$4,494	\$4,684

See accompanying notes.

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INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2012	295,289	\$3,018	\$(4,911)	\$ 25	\$4,612	\$2,744
Components of comprehensive loss:						
Net loss	—	—	—	—	(19)	(19)
Other comprehensive income, net of income taxes	—	—	—	4	—	4
Comprehensive loss						(15)
Issuance of treasury stock under employee stock plans	2,688	3	70	—	—	73
Tax benefit from share-based compensation plans	—	44	—	—	—	44
Stock repurchases under stock repurchase programs	(1,694)	—	(100)	—	—	(100)
Cash dividends declared (\$0.17 per share)	—	—	—	—	(50)	(50)
Share-based compensation expense	—	49	—	—	—	49
Balance at October 31, 2012	296,283	\$3,114	\$(4,941)	\$ 29	\$4,543	\$2,745
(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2011	300,597	\$2,886	\$(4,316)	\$ 15	\$4,031	\$2,616
Components of comprehensive loss:						
Net loss	—	—	—	—	(64)	(64)
Other comprehensive loss, net of income taxes	—	—	—	(6)	—	(6)
Comprehensive loss						(70)
Issuance of treasury stock under employee stock plans	3,219	(37)	87	—	(5)	45
Tax benefit from share-based compensation plans	—	30	—	—	—	30
Stock repurchases under stock repurchase programs	(5,211)	—	(255)	—	—	(255)
Cash dividends declared (\$0.15 per share)	—	—	—	—	(45)	(45)
Share-based compensation expense	—	40	—	—	—	40
Balance at October 31, 2011	298,605	\$2,919	\$(4,484)	\$ 9	\$3,917	\$2,361

See accompanying notes.

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INTUIT INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

(In millions)	Three Months Ended	
	October 31, 2012	October 31, 2011
Cash flows from operating activities:		
Net loss	\$(19	) \$(64
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	40	44
Amortization of acquired intangible assets	14	28
Share-based compensation expense	49	40
Pre-tax gain on sale of discontinued operations	(53) —
Deferred income taxes	53	(5
Tax benefit from share-based compensation plans	44	30
Excess tax benefit from share-based compensation plans	(44	) (29
Other	4	(6
Total adjustments	107	102
Changes in operating assets and liabilities:		
Accounts receivable	(1	) 5
Prepaid expenses, income taxes receivable and other assets	(128	) (78
Accounts payable	12	39
Accrued compensation and related liabilities	(96	) (74
Deferred revenue	(16	) (25
Income taxes payable	—	1
Other liabilities	(4	) (16
Total changes in operating assets and liabilities	(233	) (148
Net cash used in operating activities	(145	) (110
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(87	) (197
Sales of available-for-sale debt securities	81	136
Maturities of available-for-sale debt securities	21	41
Net change in money market funds and other cash equivalents held to satisfy customer fund obligations	81	93
Net change in customer fund deposits	(81	) (93
Purchases of property and equipment	(70	) (44
Proceeds from divestiture of businesses	60	—
Other	(5	) 14
Net cash provided by (used in) investing activities	—	(50
Cash flows from financing activities:		
Net proceeds from issuance of treasury stock under employee stock plans	73	45
Purchases of treasury stock	(100	) (255
Cash dividends paid to stockholders	(50	) (45
Excess tax benefit from share-based compensation plans	44	29
Net cash used in financing activities	(33	) (226
Effect of exchange rates on cash and cash equivalents		