Exhibit

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Each has its advantages. TurboTax offers the best overall experience — the easiest and speediest — but, with nagging about buying additional software and services, it occasionally annoys. Block at Home is just as good at handling the basics and gives an unbeatable guarantee. TaxAct is the cheapest.

I ran my family's finances through all three. We're fairly typical — two incomes, a mortgage, a few investments, some gifts to churches and charities. Most years, the only complexity to our return is my self-employment income. In 2010, however, we made a big purchase — a fuel-efficient Volkswagen — that came with tax benefits.

TurboTax handled our federal return with ease. One mouse click found the previous year's return on my Mac and loaded the pertinent details into this year's documents. Transferring statements from our investment accounts was nearly as simple. I provided user names and passwords, and the program pulled in the numbers. TurboTax can retrieve data from more than 250,000 employers, banks and investment companies, and Intuit, its maker, continues to add more, said Bob J. Meighan, vice president of TurboTax at Intuit.

The nagging began when I recorded my self-employment income. TurboTax urged me to upgrade to the next level of software for an additional \$10. Doing that, it said, would ensure that I received all of the deductions that I deserved. I passed. Soon, it asked again. When I checked over the return, it asked again. It keeps asking.

Jennifer L. Blouin, an accounting professor at the Wharton School of the University of Pennsylvania, said that the most confusing pitch embedded in TurboTax is the one that pops up once you finish the federal section: "It says, 'Would you like a professional preparer to look over your return?' For a fee of \$39.95, of course. Didn't I buy the software so I don't have to worry about that? Doesn't this suggest that TurboTax doesn't believe that I should be doing my own return?"

If you don't want to pay extra, the program offers gratis guidance via pop-up boxes and links. Users can also pose questions online through TurboTax's Live Community. Intuit staff members and TurboTax users provide the answers. It's like a <u>Facebook</u> page for tax nerds — and a test of one's belief in the wisdom of crowds. Would you take the home-office deduction because "Volvogirl" or "Texas Roger" explained it online?

Jeff Stevenson, manager of Live Community, said that the service provides guidance, not advice. The staff members and users "take the tax law and put it in understandable terms," he said. "They don't say, 'Yes, you can take that deduction.'"

Block at Home worked just as well as TurboTax — in most cases. Most of its explanations were just as clear, and its interview process was just as efficient. If you have your paperwork ready and you're a filer with common deductions, you can probably complete your return using either brand in less than two hours.

Block wasn't able to pull in as much of our financial information as TurboTax did. It failed to grab statements from our investment accounts. In theory, the program has that ability, and Block has links with the bigger companies. But when I provided user names and passwords, the program told me that our statements weren't available. Yet I had retrieved them with TurboTax.

THE VW purchase proved vexing, too. TurboTax had provided details on the clean-car tax credit. Block at Home sent me to the I.R.S. Web site and told me to search for "hybrid." That didn't work because the car isn't a hybrid; it's a clean diesel. A few minutes of clicking and cursing led me to the right place: the I.R.S. guidelines for "advanced lean-burn vehicles."

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When it's time to file, Block does offer up a reminder of a difference between it and TurboTax: Block users are entitled to in-person audit support. A Block enrolled agent will advise you if you're audited and accompany you if you have to appear at the I.R.S. It's as if Block is kicking in an insurance policy at no extra charge.

TaxAct is the Wal-Mart of tax software; its virtue is price.

Prices for all three brands can vary, depending on where and when you buy. But in general, the online versions, where you prepare your return via a Web browser, are cheaper than the CD and downloadable ones, which you copy onto your computer. But the CD's and downloadables allow completion of multiple returns.

For this review, I bought CDs of the premium-level version of each of the three tax-prep programs at <u>Staples</u>. At \$34.99 in the store, TaxAct Premier Federal + State was less than half the price of TurboTax Premier, which cost \$79.99. <u>H&R Block</u> at Home Premium was \$59.99.

TaxAct even offers a free federal return online to anyone, regardless of income or age.

People who use TaxAct's free service shouldn't expect the same level of guidance that they'd get from the company's paid offerings. For that, they have to upgrade, with the cost rising with the level of guidance.

TaxAct's maker, 2nd Story Software, doesn't provide downloadable programs for Macs, so in doing our taxes, I had to move our previous year's return to my wife's PC. Once I switched computers, TaxAct could retrieve the old information, though not as completely as TurboTax and Block had. Similarly, I couldn't import information from our investment accounts.

But don't discount the quality of TaxAct's offerings. Late last year, they received a high-profile endorsement. H&R Block offered in October to buy 2SS Holdings, the parent of 2nd Story Software, for \$287.5 million in cash. Regulators are still reviewing the proposed deal. In announcing it, the companies said that they planned to maintain both product lines.

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