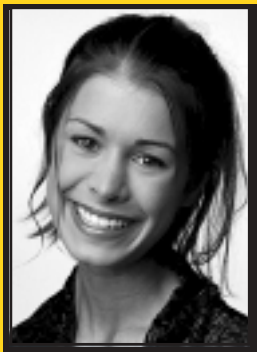


Your TaxACT

Affordable tax software solutions for everyone!



Tax software
designed with
you in mind.

**2nd**
STORY
SOFTWARE®

Welcome to

Your TaxACT

Press Kit

It's hard to believe four years have gone by since we began offering free tax software. It seems like only yesterday we first stunned our competitors by introducing fully functional, up-to-date, professional tax software at no charge. Today, we continue to impress with our growing line of financial software as featured in this press kit. As always, our software and service is **designed with the taxpayer in mind.**

TaxACT is an excellent starting point for the approximately 30 million people who manually prepare their return. Our risk-free, no cost option is a great way to introduce taxpayers to using tax preparation software. TaxACT offers the easiest and most affordable option to getting a refund fast! Electronic filing through TaxACT is simple, secure and only \$7.95 per return. When users are looking for simplicity and savings, they need look no further than TaxACT.

Customers across the country are praising TaxACT for its easy to use interface and straight forward e-file process. Bottom-line: TaxACT is simple and affordable. It provides a comfortable environment for even the novice computer user at an unbeatable price!

TaxACT
ULTIMATE
BUNDLE 2001

\$19⁹⁵

Best Value!

PAGE 6

Everything users need to complete their federal and state tax returns in one affordable bundle!

TaxACT Standard Edition

FREE!

PAGE 7

Still the FREE tax software solution!

TaxACT Deluxe Edition

\$9⁹⁵

PAGE 8

Even more forms and features for tax filing

TaxACT Online Edition

\$7⁹⁵

PAGE 12

Prepare and file a tax return online.

TaxACT State Edition

\$12⁹⁵

PAGE 18

Completing state tax returns has never been easier.



Here's what you'll find inside...

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5925 Dry Creek Lane, NE

Cedar Rapids, IA 52402

Phone: 319-373-3600

Fax: 319-261-0397

www.taxact.com



What's New for 2001

Announcing FREE Printing --TaxACT Online 2001

Just like the Standard software users, TaxACT Online customers can now print their return free of charge. They only pay \$7.95 if they choose to e-file their tax return.

TaxACT users have been taking advantage of the free tax preparation and printing included in TaxACT Standard for over three years. Now, Internet users can get the same easy-to-use product and excellent service provided by TaxACT Online -- free!

Free printing, included in TaxACT Online and TaxACT Standard, targets the approximately 30 million taxpayers who prepare their tax return manually. With free printing included in TaxACT Online, the cost of using a computer for tax preparation becomes absolutely zero. No longer is PC ownership a requirement to use a computerized tax preparation program. There's no more downloading or taking up valuable hard drive space. Users can log onto Taxactonline.com and prepare and print their return for free.

"TaxACT Rules! I downloaded TaxACT and finished my taxes all in about two to three hours. It's a really nice tax program that filled in and reported forms I didn't even know I needed and am glad I didn't have to fill out manually. I didn't even have to leave my home or wait for the program to be delivered. The price can't be beat either. I hope they will continue this software in future years."

– Thomas

Enhanced Tools to Help Plan for Future Years

The new and improved Tax Watch is a wealth of information in one convenient location. It provides users with the facts and issues they should be considering for next year and beyond. Tax Watch is really three tools in one: baseline tax information, big picture ideas and pitfalls for next year and tax law changes.

Every taxpayer can use the baseline tax information that identifies their current effective tax rate and marginal tax rate to plan for next year. Plus, users can see where their tax dollars will be spent by the U.S. Government.

The big picture overview takes a look at the user's current tax situation and suggests tax saving ideas for next year, such as non-cash contributions of securities and the benefits of donating them when there is a gain. Users are also alerted to potential pitfalls they may encounter, such as a taxpayer losing the child tax credit on his or her son who turns 17 next year and is no longer eligible for the credit.

Finally, Tax Watch will inform users of pending tax law changes and how they may help or hurt the individual's personal tax situation.

More E-file for States

E-file has been added to even more TaxACT State packages. Please refer to page 18 for more details. E-filing is only \$4.95 per state return.

State Part-Year and Non-Resident Forms Support

TaxACT 2001 State packages for Part-Year and Non-Resident Forms are available for the following 16 states: California, Colorado, Georgia, Illinois, Iowa, Kansas, Louisiana, Maryland (PY only), Michigan, Minnesota, Missouri, North Carolina, New Jersey, New York, Ohio and South Carolina. These state packages, as well as the resident states, are available for \$12.95 each.



FOR IMMEDIATE RELEASE

Date: October 1, 2001
Contact: Cammie Greif
Vice President of Marketing

Phone: (319) 373-3600 Ext. 1027
Fax: (319) 261-0397
Email: cammie@taxact.com

2nd Story Software Releases FREE TaxACT 2001 Preview Version

TaxACT 2001, the fourth edition of the popular FREE tax preparation software, is now available in preview version on the Internet.

Cedar Rapids Iowa -- 2nd Story Software, Inc., a computer software developer based in Cedar Rapids, Iowa, announces the release of TaxACT 2001 Standard Preview Edition -- now available as a free download at <http://www.taxact.com>. TaxACT 2001 Standard Edition, for Windows 95/98/2000/Me/XP, is a full-featured software program designed specifically for consumers to prepare their own tax returns.

The Preview version is a no cost, risk-free way for users to personally experience the software and see how easy and fast it is to prepare their own tax return. Plus, it is a great way for users to begin preparing their 2001 returns and perform year-end tax planning.

Free TaxACT Standard contains the most up-to-date tax laws and calculations so users see exactly where they will stand on April 15th. It contains the most common forms and schedules and calculates returns as data is entered via interview-like questions. TaxACT Standard then audits the return for errors and tax-saving possibilities and prints IRS-approved forms and schedules.

Users can prepare their returns with the Standard Preview Edition now. When the Final version is released in January 2002, the data will transfer directly into TaxACT 2001 Standard Final Edition. The Final version is also free and allows users to prepare, print, and file paper returns. Electronic filing is available for a nominal fee of \$7.95.

Consumers can visit the company's web site, <http://www.taxact.com>, download TaxACT 2001 Standard Edition directly to their home computer, and get started on their 2001 tax return -- all at absolutely no charge.

"Response to the free TaxACT Standard has been outstanding since we introduced the product four years ago," says Lance Dunn, President of 2nd Story Software. "We continue to receive letters and email from customers who have discovered the convenience of preparing their own tax returns using their computer. The free Standard program combined with our economical electronic filing makes TaxACT Standard the fastest, easiest, and most affordable way for users to prepare and file their tax return and receive their refund."

The low \$7.95 e-file charge puts TaxACT at the forefront for low-cost e-file options. The company's focus on security and customer communication make it the best overall e-file value in the industry. Security is addressed through proprietary and SSL encryption to ensure data is passed and stored securely.

The committed customer relationship principles that drive the company make e-filing with TaxACT a positive experience for customers. Users are guided step-by-step through the e-file process and kept abreast of the status of their return through email and web updates. As soon as the return is submitted, an email is sent to the user. Each step of the e-file process is communicated to the user until the return is accepted.

TaxACT is also available in a Deluxe Preview Edition for those customers with more complicated tax situations. TaxACT Deluxe can be downloaded for only \$9.95 and includes one free federal e-file. State Editions, only \$12.95 each, will release beginning January 2002 for every state that assesses state income tax. For those users who wish to complete their return over the Internet, thus saving hard drive space and download time, TaxACT Online will be available early January 2002.



Product Line Up

TaxACT

2001 STANDARD EDITION

Price	FREE (one return only)
Electronic Filing	\$7.95 per return (one return only)
Platform	Windows 95/98/2000/Me/NT/XP
Final Version Release Date ..	January 9, 2002
Download Location	http://www.taxact.com
Shipping & Handling	\$5.95 per order

“Seldom do you download a free product that is truly professional and does what it claims. I was very impressed with your product so much so that I felt guilty about using it, so I ordered the state version. I will never go back to TurboTax. Thanks.”

– Steve

TaxACT

2001 DELUXE EDITION

Price	\$9.95 (unlimited paper returns)
Electronic Filing	FREE (one return only)
.....	\$7.95 per return (maximum 4 returns)
Platform	Windows 95/98/2000/Me/NT/XP
Release Date	January 9, 2002
Shipping & Handling	\$5.95 per order

“You couldn’t possibly make it any easier, smoother, colorful, simple, accurate...It’s not broke so don’t fix it PLEASE! I’m a repeat customer (my 2nd year) and I wouldn’t dream of even looking at another program...What, cheat on my TaxACT? No way baby. A job very well done!”

– John

TaxACT

2001 ONLINE EDITION

Return Preparation	Free
Printing	Free
Electronic Filing	\$7.95 per return
Internet Required	Internet Explorer 4.0/Netscape 4.06 plus
Release Date	January 22, 2002
Online Location	http://www.taxactonline.com
State Filing	\$7.95 per return (efile and/or print)

“VERY user friendly! I had no trouble following all of the instructions. I also thought that it was a great price for online filing”.

–James

TaxACT

2001 STATE EDITIONS

Price	\$12.95 per state (unlimited paper returns)
Electronic Filing	\$4.95 per return (24 states)
Platform	Windows 95/98/2000/Me/NT/XP
Release Dates	January 15, 2002 – February 15, 2002
States Available	All 43 states that assess state income tax
Shipping & Handling	\$5.95 per order



- Fact Sheet
- Release Date: January 9, 2002

General Description

The Ultimate TaxACT 2001 Bundle includes **TaxACT 2001 Deluxe Edition** and one **TaxACT 2001 State Edition**. TaxACT Deluxe prepares individual federal income taxes with in-depth help and assistance. TaxACT 2001 Deluxe also carries an Accuracy Guarantee. If users are assessed an IRS penalty due to a calculation error in TaxACT 2001 Deluxe, 2nd Story Software will pay the penalty.

Features

- **The forms and schedules used by the majority of taxpayers!** TaxACT Deluxe Edition offers over 120 forms, schedules and worksheets. Refer to the Forms List on page 15-16 for a complete listing.
- **Free federal e-file —no coupons or rebate forms required.** One free federal e-file return is included. Additional federal e-file returns are just \$7.95 per return (total of 5 e-filed returns maximum). State e-file returns are \$4.95 per return.
- **There are two easy ways to enter information!** Select the easy-to-use interview format, or enter data directly on the appropriate forms and schedules.
- **Federal QnA guides users along the way!** The Federal QnA (Questions and Answers) feature asks questions and personally guides users through preparing their returns through an interview-like approach.
- **Refund/Amount Owed status always displayed!** As data is entered, TaxACT Standard automatically calculates the refund or the amount owed. Users know where they stand every step of the way!
- **Depreciation is a snap!** The Depreciation Calculator figures depreciation based on purchase price, date of purchase, life of asset, and accumulated depreciation.
- **A complete return every time!** As users complete their returns, special Alerts notify them of incomplete information. Users can check Alerts at any time to be sure they haven't forgotten important information.
- **Easily print IRS-approved forms.** The tax return can be printed on standard paper using a dot matrix, ink-jet, or laser printer. The forms included in TaxACT are IRS-approved.
- **Tax advice is only a mouse click away!** The Tax Advisors, available in the interview, give detailed information to help users complete their taxes in record time.
- **Import last year's tax return.** TaxACT Deluxe imports data from last year's return to speed data entry and reduce possible errors.
- **National Averages Comparison Report.** Users can see how their return compares with the rest of the taxpaying public.
- **TaxACT State Edition included!** All data entered into Deluxe seamlessly transfers to the State version to quickly complete the state return.

System Requirements

TaxACT for Windows requires an IBM or compatible PC, 486/66 or later (Pentium recommended), 8MB Ram (16MB recommended), Microsoft Windows 95 or Windows NT 4.0 or Windows 98 or Windows Me or Windows 2000 or Windows XP. SVGA or better monitor is required with a minimum of 256 colors. A mouse is recommended and Internet access is required for electronic filing and other online features. Printer is highly recommended. Copyright 2001 2nd Story Software, Inc. All rights reserved.

Sales

List Price: \$19.95 per download available at <http://www.taxact.com>

Electronic Filing: *First e-file return is FREE. Additional e-file returns are \$7.95 each. (Maximum of 5 returns). State e-file is \$4.95 per return*

For more information: Please contact Cammie Greif, Vice President of Marketing, 319-373-

“As a former user of Personal Tax Edge I am delighted to find out that you are the people putting out TaxACT. I have used TurboTax the last two years but longed for the feel of the old Personal Tax Edge. Needless to say, I think I will try TaxACT next year. I find the graphics of TaxACT very user friendly and not cluttered up as some other programs.”

– Mil

TaxACT FREE!

2001 STANDARD EDITION

- Fact Sheet
- Release Date: January 9, 2002

General Description

TaxACT 2001 Standard Edition is full-featured individual tax preparation software designed to calculate and file federal income tax returns. Users can electronically file for the nominal fee of \$7.95 per return, resulting in a faster refund. The program is available for Windows 95/98/Me/NT/2000/XP and is downloadable from the Internet free of charge.

Features

- **The forms and schedules used by the majority of taxpayers!** TaxACT Standard Edition offers over 90 forms, schedules and worksheets. Refer to the Forms List on page 15-16 for a complete listing.
- **File electronically.** For a quicker return, electronic filing is available for just \$7.95 (1 return only).
- **There are two easy ways to enter information!** Select the easy-to-use interview format, or enter data directly on the appropriate tax forms and schedules.
- **Federal QnA guides users along the way!** The Federal QnA (Questions and Answers) feature asks questions and personally guides users through preparing their returns.
- **Refund/Amount Owed status is always displayed!** As data is entered, TaxACT Standard automatically calculates the refund or the amount owed. Users know where they stand every step of the way!
- **Depreciation is a snap!** The Depreciation Calculator figures depreciation based on purchase price, date of purchase, life of asset, and accumulated depreciation.
- **A complete return every time!** As users complete their returns, special Alerts notify them of incomplete information. Users can check Alerts at any time to be sure they haven't forgotten important information.
- **Easily print IRS-approved forms.** The tax return can be printed on standard paper using a dot matrix, ink-jet, or laser printer. The forms included in TaxACT are IRS-approved.
- **Get help anytime!** TaxACT Standard includes online help and links to tax information on the Internet.

System Requirements

TaxACT for Windows requires an IBM or compatible PC, 486/66 or later (Pentium recommended), 8MB Ram (16MB recommended), Microsoft Windows 95 or Windows NT 4.0 or Windows 98 or Windows Me or Windows 2000 or Windows XP. SVGA or better monitor is required with a minimum of 256 colors. A mouse is recommended and Internet access is required for electronic filing and other online features. Printer is highly recommended. Copyright 2001 2nd Story Software, Inc. All rights reserved.

Sales

List Price: *FREE* download available at <http://www.taxact.com>

CD Available: \$5.95

Electronic Filing: \$7.95 per return.

Direct Sales: 800-573-4287

For more information: Please contact Cammie Greif, Vice President of Marketing, 319-373-3600 or 319-261-0397 (fax) or

**completes one return only.*

"You guys are great. The software is inspired and your personal touches are amazing. I even talked with a human when I called for assistance..."

– Jon



- Fact Sheet
- Release Date: January 9, 2002

General Description

TaxACT 2001 Deluxe Edition prepares individual federal income taxes with in-depth help and assistance. TaxACT 2001 Deluxe also carries an Accuracy Guarantee. If users are assessed an IRS penalty due to a calculation error in TaxACT 2001 Deluxe, 2nd Story Software will pay the penalty.

Features

- **The forms and schedules used by the majority of taxpayers!** TaxACT Deluxe Edition offers over 120 forms, schedules and worksheets. Refer to page 15-16 for a complete listing.
- **Free federal e-file —no coupons or rebate forms required.** One free federal e-file return is included. Additional e-file returns are just \$7.95 per return (total of 5 e-filed returns maximum).
- **There are two easy ways to enter information!** Select from the easy-to-use interview format or enter data directly on the appropriate forms and schedules.
- **Simplify your taxes with the Life Events feature!** This helpful feature determines the impact major life events have on tax returns. This includes getting married, having a child, changing jobs and many more!
- **Refund/Amount Owed status always displayed!** As data is entered, TaxACT automatically calculates the refund or the amount owed. Users know where they stand every step of the way!
- **Depreciation is a snap!** The Depreciation Calculator figures depreciation based on purchase price, date of purchase, life of asset, and accumulated depreciation.
- **Complete returns every time!** As users complete their returns, special Alerts notify them of incomplete information. Users can check Alerts at any time to make sure they haven't forgotten anything.
- **Easily print IRS-approved returns.** Returns can be printed on standard paper using a dot matrix, ink-jet, or laser printer.
- **Adjust totals and see instant results!** TaxACT's What-If feature presents taxes in a summary format and allows users to adjust totals and see instant results.
- **Tax advice is only a mouse click away!** The Tax Advisors, available in the interview, give detailed information to help users complete their taxes in record time.
- **Import last year's tax return.** TaxACT Deluxe imports data from last year's return to speed data entry and reduce possible errors.
- **National Averages Comparison Report.** Users can see how their return compares with the rest of the taxpaying public.
- **Stay on top of next year's taxes with the 2002 Tax Watch!** Tax Watch pinpoints areas where users can make changes to their tax situation for next year to save on taxes.

System Requirements

TaxACT for Windows requires an IBM or compatible PC, 486/66 or later (Pentium recommended), 8MB Ram (16MB recommended), Microsoft Windows 95 or Windows NT 4.0 or Windows 98 or Windows Me or Windows 2000 or Windows XP. SVGA or better monitor is required with a minimum of 256 colors. A mouse is recommended and Internet access is required for electronic filing and other online features. Printer is highly recommended. Copyright 2001 2nd Story Software, Inc. All rights reserved.

Sales

List Price: \$9.95 per download available at <http://www.taxact.com>

Electronic Filing: First e-file return is FREE. Additional e-file returns are \$7.95 each. (Maximum of 5 returns)

Direct Sales: 800-573-4287

For more information: Please contact Cammie Greif, Vice President of Marketing, 319-373-

"I just want you all to know that my experience with your software was the best experience I've ever had!!!! Your software is the most user friendly that I've ever seen."

– Teresa

"I just finished using our software. Excellent tax program. Great work."

– Dino

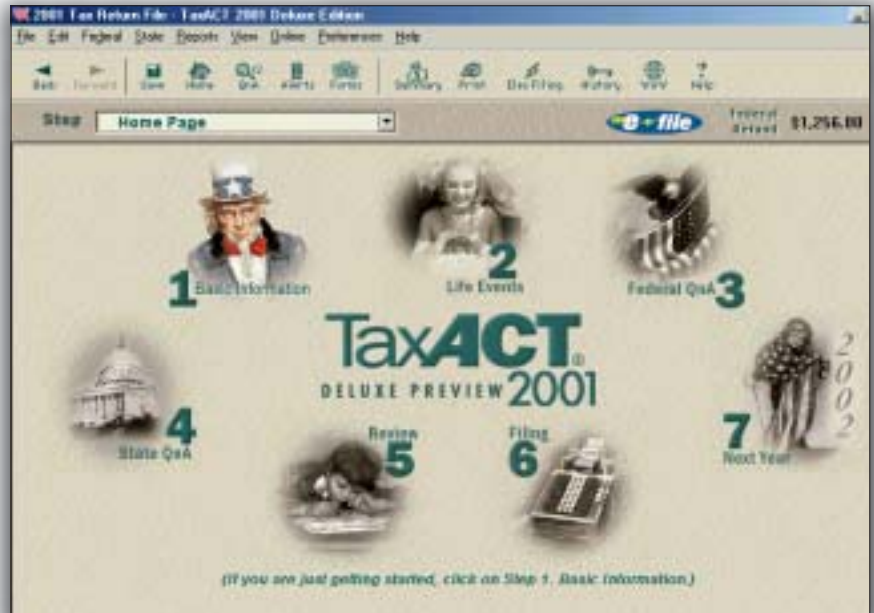


TaxACT

2001 STANDARD EDITION
2001 DELUXE EDITION

SAMPLE SCREENS

- Easy to understand seven-step process outlined on the Home Page!
- TaxACT guides users through all seven steps in record time.
- Click the Home button on the toolbar to return to this screen at any time.
- Advance through TaxACT like a pro! Use the Forward and Back buttons to move through the screens. The browser-like format makes navigating TaxACT software a breeze.
- Users are kept aware of their refund balance or amount owed at all times with the amount displayed in the upper right-hand corner.



- TaxACT has built-in flexibility that allows users to choose the option of entering data either with the interview or by simply typing directly onto the forms.
- Access the tax forms by clicking on the Forms button on the toolbar.
- Calculations are automatically performed as data is entered. Plus, the tax forms in TaxACT look like the forms the IRS sends to taxpayers. This helps to eliminate user confusion.

Presidential Election Campaign		Do you, or your spouse if filing a joint return, want \$3 to go to this fund?	
Yes	No	Yes	No
		X	

Filing Status	1	2	3	4	5
Single		X			
Married filing separate returns (even if only one had income)					
Head of household (with qualifying person). If the person is a child but not your dependent, enter child's name and SSN here.					
Qualifying widow(er) with dependent child (enter your spouse's name)					

Exemptions	Number of boxes
1a <input checked="" type="checkbox"/> Yourself	
<input type="checkbox"/> Check here if you are exempt for reasons that can claim	

Complete an unlimited number of returns!

Users can prepare an UNLIMITED number of paper returns using TaxACT™ Deluxe. They can prepare returns for their father, brother, neighbor, sister and more!

Free (one) federal e-file, a \$7.95 value.

TaxACT Deluxe includes one FREE federal e-file. With TaxACT, “free” means free. Users are allowed to file their first e-file return free of charge. Unlike the competition, there are no coupons or rebate forms required. It is simply free!

Guaranteed accurate TaxACT calculations!

We are so sure the calculations are correct in TaxACT Deluxe that we GUARANTEE IT! If a user is assessed a penalty due to a calculation error in TaxACT Deluxe, we will pay the penalty!

TaxACT makes the Joint vs. Separate decision easy.

In some cases, it is financially better to file Married Filing Separate. There is no clear-cut criteria to determine which is best other than to prepare returns for each scenario. TaxACT Deluxe eliminates the work by taking the user data and calculating the return both ways. The user can view the difference with a click of a mouse in the Joint vs. Separate Comparison Report.

Get the answers from the Tax Advisors.

Completing the interview has never been easier! In-depth tax preparation help is only a click away with Tax Advisors in TaxACT Deluxe. Tax Advisors lend a helping hand with practical issues such as, should I use my pre-printed label? Or, how do I handle a change of address? Also included are more tax related issues such as, can I claim my child as a dependent if he/she is living with my ex-spouse?

Two depreciation summary reports.

The in-depth depreciation reports included in TaxACT Deluxe are a must for anyone depreciating assets. There are two reports available: Depreciation Summary—Current Year's Depreciation and Next Year's Depreciation.

The summary reports list each asset and include asset name, date acquired, asset life, depreciation convention, depreciation method, cost or basis of the asset, prior depreciation, and current/next year's depreciation amount. Users may sort this report by the name of the asset or by date acquired.

Users decide what and when to print!

Advanced printing options available in TaxACT Deluxe allow users what and how many to print. Users can select to print specific forms and schedules or the entire return.



Import last year's TaxACT data.

Importing their previous TaxACT data each year can be a real time saver for users. Importing alleviates worry about re-keying important data. And a quick review of the Prior Year's Comparison Report can decrease the chances that important tax data has been omitted for this year's return!

Life Events make a difference!

Life Events help broaden the understanding of tax consequences of major life altering events, such as getting married, having a baby, changing jobs, and retiring. Discover what can be done before the event occurs, what impact it will have on taxes, and what will need to be done after the event. There are three Life Events topics included in TaxACT Standard and a total of 19 in TaxACT Deluxe!

Get answers to financial questions.

TaxACT has the answers for those users wondering what the interest deduction on Schedule A would be each year if they purchased a new home, or wondering how much they need to set aside each month for their retirement.

TaxACT Deluxe offers a handy financial calculator. Users enter the specifics of their loan/savings and the payment amount is automatically calculated. By clicking on Display Schedule users can view or print the loan amortization or savings accumulation schedules.

Perform "What-If" scenarios.

The Tax Calculator available in TaxACT Deluxe performs "What-If" scenarios to determine users' tax liability for this year and years to come. Based on their actual 2001 numbers, users can adjust the 2001 and 2002 numbers to estimate their tax liability. The Tax Calculator makes quick adjustments to 2001 numbers and instantly notifies the user how it affects their 2001 taxes.

Be prepared for 2002!

Tax Watch gives users a heads up on the upcoming tax law changes. Tax Watch reviews 2002 tax law changes and indicates what laws may affect the user based on their actual 2001 data. Plus, users can view a table displaying the breakdown of their tax dollars and how the US government has allocated them (based on last year's allocations).

General Description

TaxACT 2001 Online is specially designed for taxpayers who are ready to embrace new technology and prepare their tax returns online. Both federal and state versions are available. TaxACT Online includes the same simplicity and ease-of-use enjoyed by TaxACT desktop users and combines it with state-of-the-art online technology. Users will find the chore of filing their taxes “less taxing” with TaxACT Online. Plus, they’ll enjoy free federal printing and a low \$7.95 e-file charge.

Features

- **Free tax preparation.** Users only pay when they are ready to file their return. TaxACT Online includes free printing and one low price of \$7.95 for e-filing the federal return. State returns are priced at only \$7.95 each for printing or e-file.
- **Transactions are secure.** Security is addressed through proprietary and SSL encryption to ensure data is passed and stored safely.
- **The forms and schedules used by the majority of taxpayers!** TaxACT Online Edition offers over 110 forms, schedules, and worksheets. Refer to page 15-16 for a complete list.
- **Federal QnA guides users along the way!** The Federal QnA (Questions and Answers) feature asks questions and guides users through preparing their returns.
- **Simplify your taxes with the Life Events feature!** Determine the impact major life events have on tax returns. This includes getting married, having a child, changing jobs, and many more!
- **Refund/Amount Owed is always displayed!** As data is entered, TaxACT automatically calculates the refund or the amount owed. Users know where they stand every step of the way!
- **Depreciation is a snap!** The Depreciation Calculator figures depreciation based on purchase price, date of purchase, life of asset, and accumulated depreciation.
- **Complete returns every time!** As users complete their returns, special Alerts notify them of incomplete information. Users can check Alerts at any time to make sure they haven’t forgotten anything.
- **Easily print IRS-approved forms.** Returns can be printed on standard paper using a dot matrix, ink-jet, or laser printer. Requires Adobe Acrobat Reader.
- **State support for all income-taxing states.** State returns available for all states that assess state income tax. Refer to the E-file Fact Sheet on page 18 for a list of specific TaxACT States that support e-file.

System Requirements

Windows: TaxACT Online requires an IBM or compatible PC, 16MB Ram (32MB recommended), Microsoft Windows 95 or Windows NT 4.0 or Windows 98 or Windows Me or Windows 2000 or Windows XP. Internet Explorer 4.0 or higher, or Netscape 4.06 or higher (except Netscape 4.6) or AOL 4.0 or higher.

Macintosh: TaxACT Online requires a Macintosh system 8.0 or greater. 32 MB RAM plus a minimum of 32MB memory allocated to Netscape. Netscape Navigator 4.06 or greater (except Netscape 4.6).

Both Platforms: Your browser must be set up to accept cookies, Java and JavaScript. Online access is required. A printer is highly recommended. Adobe Acrobat Reader is required to print the return. Copyright 2001 2nd Story Software, Inc. All rights reserved.

Sales

List Price: Federal —free printing. \$7.95 per return for e-file. State — \$7.95 per return for print and/or e-file.

Direct Sales: <http://www.taxactonline.com>

For more information: Please contact Cammie Greif, Vice

“I have checked out every tax e-file site on the net. I just wanted to let you know that TaxACT Online is the best value and the easiest to use site anywhere. I’ll certainly recommend your site to everyone I can. Thanks. Your work is greatly appreciated.”

—Horace



TaxACT SAMPLE SCREENS

2000 ONLINE EDITION

- TaxACT Online organizes the steps to prepare a tax return in the same seven steps as the desktop version.
- Starting with Step 1, Introduction, TaxACT Online guides users through interview questions pertaining to their tax return.
- Users may jump ahead or back to answer additional questions or review the work they have already completed by selecting the specific step (either on the home page or the toolbar).
- The Refund or Amount Owed is always visible in the upper right-hand corner of the screen to keep the user aware of the status of their return.



- TaxACT Online requests the information needed to prepare the user's tax return.
- Data is stored each time the user clicks the Continue button. The user can quit the return at any time and resume where he/she left off.
- Tax Advisors are available on the right hand side to assist the user in answering the interview questions.





Product Feature Comparison Chart

Feature	Deluxe	Standard	Online
Unlimited Number of Returns	X		
FREE Electronic Filing*	X		
Accuracy Guarantee	X		
Clergy Tax Worksheet	X		
Custom Print Options	X		
Password Protection	X		
Loan Calculator	X		
Savings Calculator	X		
Import last year's TaxACT data	X		X
Additional Tax Forms:			
Forms 1040-ES, 1040X, 1310, 2120, 2210, 2555,			
Forms 4137, 4868, 4952, 6198, 8332, 8379, 8396,			
Forms 8839, 8853, 8862, 8867, 9465 and more!	X		X
Depreciation Summary Reports—			
Current and Next Year's Depreciation	X		X
National Average Comparison	X		X
19 Life Events	X		X
Tax Advisors	X		X
Joint vs. Separate Comparison	X		X
Tax Calculator	X		X
Tax Watch	X		X
Tax Dollar Usage Report	X		X
Automatic Calculations/Audits Return	X	X	X
43 State Packages Available	X	X	X
Multiple Occurrences of Supporting Forms	X	X	X
Prints Return on Plain Paper	X	X	X
Supports Federal Electronic Filing	X	X	X
Tax Summary Status at all times	X	X	X
Depreciation Calculator	X	X	X
Over 90 Forms, Schedules, & Worksheets	X	X	X
Prior Year's Comparison Report	X	X	X
Two Entry Methods (Interview & Forms)	X	X	

* Deluxe includes one free federal e-file. Up to four more returns may be e-filed (\$7.95 per return).

Following is a list of forms included with TaxACT software and online service. (*Forms not available in the Standard Edition.)

Forms

1040 Individual Income Tax Return - Long Form
1040A Individual Income Tax Return - Short Form
1040ES* Estimated Tax Payment Vouchers
1040EZ Individual Income Tax Return - EZ Form
1040V Form 1040 Payment Voucher
1040X* 1040 Amended Return
1310* Refund Due a Deceased Person
1116 Foreign Income Tax Credit
2106 Employee Business Expenses
2120* Multiple Support Declaration
2210* Underpayment of Estimated Tax
2210 AI* Annualized Installment
2441 Child & Dependent Care Expenses
2555* Foreign Income
2688* Application - Additional Extension of Time to File
3903 Moving Expenses
4136 Credit for Tax Paid on Fuels
4137* Tax on Unreported Tip Income
4562 Depreciation and Amortization
4684 Casualty and Theft Losses
4797 Trade or Business Gains and Losses
4835 Farm Rental Income
4868* Automatic Extension of Time To File
4952* Investment Interest Expense Deduction
5329 Add. Taxes on Qualified Retirement Plans
6198* At-Risk Limitations
6251 Alternative Minimum Tax
6252 Installment Sale Income
6781* Gains/Losses from Sec. 1256 Contracts/Straddles
8283 Noncash Charitable Contributions
8332* Release of Exemption for Child of Divorced Parents
8379* Injured Spouse Claim
8396* Mortgage Interest Credit

Forms(Continued)

8453 Electronic Filing Declaration
8582 Passive Activity Loss Limitation
8606 Non-deductible IRA Contribution
8615 Computation of Tax for Children Under 14
8812 Additional Child Tax Credit
8814 Parent's Election to Report Child's Income
8815* Exclusion of Interest from Series EE & I Bonds
8829 Expenses for Business Use of Your Home
8839* Qualified Adoption Expenses
8853* Medical Savings Accounts & Long-Term Care Insurance Contracts
8862* Information to Claim EIC After Disallowance
8863 Education Credits
8867 Paid Preparer's EIC Checklist
9465* Installment Agreement Request

Schedules

Sch 1 1040A Interest and Dividends
Sch 2 1040A Child and Dependent Care Exp.
Sch 3 1040A Credit for Elderly and Disabled
Sch A Itemized Deductions
Sch B Interest and Dividends
Sch C Profit/Loss from Business
Sch D Capital Gains and Losses
Sch E Rental and Royalty Income
Sch EIC Earned Income Credit
Sch F Farm Income/Loss
Sch H Household Employment Taxes
Sch J Farm Income Averaging
Sch R Credit for the Elderly
Sch SE Self-Employment Tax

Following is a list of forms included with TaxACT software and online service. (*Forms not available in the Standard Edition.)

Worksheets

1040 . Alimony Received	8615	Net Capital Gain
1040 . Alimony Paid	8615	Tax Computation
1040 . Additional Dependents	8814	Capital Gain Distribution
1040 . Child Tax Credit Limitations	8839*	Prior Year Benefits Worksheet
1040 . Child Tax Credit	8853*	Statement
1040 . Earned Income Credit	8853*	MSA Distribution
1040 . Estimated Tax Payments	Sch A	Contributions Limitation
1040 . Excess FICA	Sch A	Itemized Deduction Limitation
1040 . Exemptions	Sch A	Points Worksheet
1040 . IRA Deduction	Sch D	Unrecaptured Section 1250 Gains
1040 . Keogh and SEP	Sch D	Capital Loss
1040 . MSA Adjustment	Sch D	Home Sale Worksheet
1040 . Other Adjustments	Sch D	Home Sale Reduced Exclusion
1040 . Other Income	Sch D	Qualified 5-Year Gain Worksheet
1040 . Other Taxes	Sch D	Tax Worksheet
1040 . Rate Reduction	Sch D-1	Short Term
1040 . Scholarship Income	Sch D-1	Long Term
1040 . Self-Employed Health Insurance	Sch E	Vacation Home Limitation
1040 . Simplified Method Pension	Sch E	Page 2 - Partnerships K-1 Summary
1040 . Social Security Benefits	Sch E	Page 2 - S-corps K-1 Summary
1040 . State Tax Refund	Sch R	Credit Limitation
1040 . Student Loan Interest	W-2	Input Income/Wages
1040 . Unemployment Income	W-2C	Input Income/Wages for Corrected W-2
1116 . Line 17	W-2G	Input Income/Gambling Winnings
2210 . Annualized Income	W-4	Employee's Withholding Allowance
2210 . Penalty Computation	1099-B	Input Income/Proceeds from Broker
4562 . Asset Depreciation	1099-DIV	Input Income/Dividends
4562 . ACRS Depreciation	1099-INT	Input Income/Interest
4562 . Listed Property Depreciation	1099-MISC	Input Income/Miscellaneous Income
4684 . Section A/Section B	1099-OID	Input Income/Original Issue Discount
4797 . Part I/Part II	1099-R	Input Income/Pension & IRA
5329 . Roth IRA	RRB-1099R	Input Income/Pension (Railroad Retirement)
6781 . Part I, II, and III	K-1	Input Inc./Loss from Partnership/S-Corp
8582 . Active Participation Rental Activity	K-1*	Input Inc./Loss from Estates/Trusts
8582 . K-1 Rental Loss	SFM	Input Income/Seller Financed Mortgages
8582 . Ordinary Passive Activities	Clergy*	Clergy Tax Worksheet
8615 . Capital Gain Tax		

- Fact Sheet
- Release Date: January 15, 2002

General Description

The seamless integration incorporated into TaxACT 2001 makes e-filing a breeze. All e-file returns pass through the TaxACT SSL (secure socket layer) transmission via the Internet. They are then sent to the appropriate IRS Service Center for processing. Customers experience smooth e-file transmission, and all correspondence regarding the e-file return is handled through the TaxACT.com E-file Center.

The TaxACT.com E-file Center is the main communication channel for TaxACT customers to check for acknowledgements and to ask customer support representatives for assistance. One software program, one e-file support center. **TaxACT 2001— e-filing made simple.**

E-file Pricing

TaxACT Product	Federal Return Cost Each	State Return Cost Each
Online	\$7.95 (free printing)	\$7.95
Deluxe	FREE*	\$4.95**
Standard	\$7.95	\$4.95**

* *Deluxe includes one (1) free federal electronic filing. Up to four more returns may be filed electronically for \$7.95 each.*

***Must purchase TaxACT 2001 State Edition to e-file your state.*

E-file Supported TaxACT States

TaxACT States and TaxACT Online states support e-file for:

Alabama	Kentucky	New York
Arizona	Louisiana	North Carolina
California	Maryland	Ohio
Georgia	Massachusetts	Oregon
Illinois	Michigan	Pennsylvania
Indiana	Minnesota	South Carolina
Iowa	Missouri	Virginia
Kansas	New Jersey	Wisconsin

System Requirements

Electronic filing requires use of either TaxACT Online, TaxACT Standard, TaxACT Deluxe or TaxACT State. A mouse is recommended and Internet access is required. A printer is highly recommended. Copyright 2001 2nd Story Software, Inc. All rights reserved.

E-file Center: https://www.taxact.com/secure_ef/efstatus.html

For more information: *Please contact Cammie Greif, Vice President of Marketing, 319-373-3600 or 319-261-0397 (fax) or*

- Fact Sheet
- Release Date: January–February 2002

General Description

TaxACT 2001 State Edition works seamlessly with TaxACT 2001 Standard and Deluxe Editions to prepare state returns. Data entered into the federal return is automatically transferred to the state to avoid entering duplicate information. Delivery of TaxACT 2001 State Final Editions will begin January 15, 2002 and be completed no later than February 15, 2002.

Features

- **State taxes are automatically calculated.** TaxACT State automatically calculates the state tax return based on the information entered into the federal return.
- **Electronic filing available.** State electronic filing (\$4.95 per return) is available for 24 states including: Alabama, Arizona, California, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Virginia, and Wisconsin.
- **Prepare an unlimited number of paper returns.** There is no limit to the number of paper returns users can file using TaxACT State Edition!
- **Print IRS-approved forms.** Users can print on standard paper using a dot matrix, ink-jet, or laser printer.
- **Part-Year and Non-Resident Forms.** TaxACT 2001 State packages support part-year and non-resident forms for: California, Colorado, Georgia, Illinois, Iowa, Kansas, Louisiana, Maryland (PY only), Michigan, Minnesota, Missouri, North Dakota, North Carolina, New Jersey, New York, Ohio, and South Carolina
- **43 State Editions available:**

Alabama	Illinois	Mississippi	Oklahoma
Arizona	Indiana	Missouri	Oregon
Arkansas	Iowa	Montana	Pennsylvania
California	Kansas	Nebraska	Rhode Island
Colorado	Kentucky	New Hampshire	South Carolina
Connecticut	Louisiana	New Jersey	Utah
Delaware	Maine	New Mexico	Vermont
District of Columbia	Maryland	New York	Virginia
Georgia	Massachusetts	North Carolina	West Virginia
Hawaii	Michigan	North Dakota	Wisconsin
Idaho	Minnesota	Ohio	

System Requirements

TaxACT for Windows requires an IBM or compatible PC, 486/66 or later (Pentium recommended), 8MB Ram (16MB recommended), Microsoft Windows 95 or Windows NT 4.0 or Windows 98 or Windows Me or Windows 2000 or Windows XP. SVGA or better monitor is required with a minimum of 256 colors. A mouse is recommended and Internet access is required for electronic filing and other online features. A printer is highly recommended. TaxACT 2001 Standard or TaxACT 2001 Deluxe is required to use TaxACT 2001 States. Copyright 2001 2nd Story Software, Inc. All rights reserved.

Sales

List Price: \$12.95 per download—
available at <http://www.taxact.com>

Electronic Filing: \$4.95 per return

Direct Sales: 800-573-4287

For more information: Please contact Cammie Greif, Vice President of Marketing, 319-373-

“...I have to tell you, you have the BEST tax preparation software there is!!! I have never done my taxes so fast and accurately! Thank you! Your software has taken a large load off me at a very stressful time! Even with all the numbers and other info. for the business, it was a breeze! Again thank you for such a great product!”

– Dwight



Pricing Chart

PRODUCT	Software/ Return Preparation	Print Return	Efile 1st Return	Efile 2-5 Returns (ea)
DESKTOP				
Ultimate TaxACT Bundle	\$19.95			
Deluxe		Free	Free Federal	\$7.95/Fed
State		Free	\$4.95 State	\$4.95/State
TaxACT Standard	Free	Free	\$7.95	n/a
TaxACT Deluxe	\$9.95	Free	Free	\$7.95
TaxACT State	\$12.95	Free	\$4.95	\$4.95
ONLINE				
Federal	Free	Free	\$7.95	n/a
State	Free	\$7.95*	\$7.95*	n/a

*TaxACT Online State charge covers both printing and e-filing for state returns.

Note: \$5.95 shipping and handling charge per order applies to the Desktop products ordered on CD-ROM.

About 2nd Story Software

The 2nd Story Software, Inc. founders have significant tax software development and marketing experience. They have a proven track record for developing complete, accurate tax software!



Lance Dunn, President

Lance co-founded 2nd Story Software, Inc. with an accomplished past in consumer tax software development. Prior to starting 2nd Story Software, he was Vice President of Software Development at Parsons Technology, Inc. While at Parsons, Lance played a significant role in the development and growth of their tax package, Personal Tax Edge. Starting with the tax development team in 1991, Lance held numerous positions in tax development and by 1995 was responsible for overall management of the Parsons Financial and Productivity product lines. His background in taxes extends beyond Parsons Technology to include work at Ernst & Young, CPA's, and TLS, Inc. (a provider of tax software for professionals). Lance earned his BA in Accounting from Coe College in Cedar Rapids, Iowa, and is a Certified Public Accountant.

“I would like to say that TaxACT is wonderful...I loved it...I previewed TurboTax, SecureTax and AutoTax, they do not compare to TaxACT AT ALL!!! Not only are your prices better, but the step by step, walk through program to prepare taxes is excellent... I love the Life events as well.”

– Cynthia

Camela Greif, Vice President Marketing

Prior to co-founding 2nd Story Software, Inc., Cammie was Director of Online Marketing at Parsons Technology, Inc. where she led the design, development, and marketing functions for Parsons' WWW commerce site. Cammie was instrumental in developing one of the first Web sites to offer downloadable software. The site went live in January of 1995 and included Personal Tax Edge and each of the 45 State Tax Edge products available for download. At Parsons Technology, she held management positions in Development, Direct Marketing, Advertising, and Technical Support, including Product Manager for the Personal Tax Edge product. Prior to her employment at Parsons Technology, Cammie held accounting positions in both public and private accounting. Cammie received a BBA in Accounting and Business Administration from Mount Mercy College in Cedar Rapids, Iowa, and is a Certified Public Accountant.

“Thank you, I appreciate the exceptional customer service, it matches up nicely with your product. This was my second year, it made the first look difficult (and it wasn't).”

– Chris

(Founders – continued on next page)

**Jerome McConnell, Vice President
Software Engineering**

Prior to co-founding 2nd Story Software, Inc., Jerry was a Master Programmer in the Software Development Department of Parsons Technology, Inc. He was responsible for the design and development of Parsons Technology's financial products and was a lead developer for Personal Tax Edge for five years. He recently created the product Quicken Small Business Expert. Jerry has significant experience in the development of software on the Windows and DOS platforms using the C++ and Pascal programming languages. Prior to Parsons Technology, Jerry was a Technical Engineer for Montgomery Elevator Company where he designed and maintained software responsible for operating elevator controls. Jerry received a BS in Computers and Technology from Marycrest College in Davenport, Iowa, and also an AS in Electronic Technology from Scott Community College in Pleasant Valley, Iowa.

**Alan Sperflage, Vice President
Software Development**

Alan co-founded 2nd Story Software, Inc. with five years experience on the Parsons Technology, Inc. Personal Tax Edge product development team. Prior to joining 2nd Story Software, Inc., Alan was Manager of Online Development at Parsons Technology, Inc. where he led the technical design and development of online services such as Internet commerce, electronic software distribution, and Web development. Before managing the Online Development at Parsons, Alan was the Software Product Development Manager for the Personal Tax Edge Development Team. While on the tax development team, Alan developed both Windows and Macintosh software. Alan received a BS in Computer Science from Mount Mercy College in Cedar Rapids, Iowa.



“This was such a great product, but, even more important, when I called to ask for advice, I got people, not answering machines with a long wait built into them. The product is great, the people who developed it are great and the people who man the phones...are just super!”

– Jan

“It was great!!! The program actually took me through each step with a simple click of the mouse. I want to commend you on such an excellent program.”

– Susan