

## Adobe Systems Reports Record Revenue in Second Quarter of Fiscal 2005

## Condensed Consolidated Statements of Income

(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 3, 2005	June 4, 2004	June 3, 2005	June 4, 2004
Revenue:				
Products	\$ 485,620	\$ 402,553	\$ 948,767	\$ 818,305
Services and support	10,409	7,532	20,144	15,061
Total revenue	<u>496,029</u>	<u>410,085</u>	<u>968,911</u>	<u>833,366</u>
Total cost of revenue:				
Products	21,774	23,206	43,629	43,650
Services and support	5,660	4,049	10,774	7,787
Total cost of revenue	<u>27,434</u>	<u>27,255</u>	<u>54,403</u>	<u>51,437</u>
Gross profit	468,595	382,830	914,508	781,929
Operating Expenses:				
Research and development	89,409	76,053	176,095	151,124
Sales and marketing	154,963	130,561	302,346	257,915
General and administrative	42,019	34,377	83,151	67,789
Total operating expenses	<u>286,391</u>	<u>240,991</u>	<u>561,592</u>	<u>476,828</u>
Operating income	182,204	141,839	352,916	305,101
Non-operating income:				
Investment gain (loss)	(2,701)	873	(4,255)	(158)
Interest and other income	8,305	5,127	15,932	9,159
Total non-operating income	<u>5,604</u>	<u>6,000</u>	<u>11,677</u>	<u>9,001</u>
Income before income taxes	187,808	147,839	364,593	314,102
Provision for income taxes	<u>38,030</u>	<u>38,438</u>	<u>62,921</u>	<u>81,666</u>
Net income	<u>\$ 149,778</u>	<u>\$ 109,401</u>	<u>\$ 301,672</u>	<u>\$ 232,436</u>
Basic net income per share	<u>\$ 0.31</u>	<u>\$ 0.23</u>	<u>\$ 0.62</u>	<u>\$ 0.49</u>
Shares used in computing basic net income per share	<u>488,765</u>	<u>477,238</u>	<u>487,610</u>	<u>477,154</u>
Diluted net income per share	<u>\$ 0.29</u>	<u>\$ 0.22</u>	<u>\$ 0.59</u>	<u>\$ 0.47</u>
Shares used in computing diluted net income per share	<u>508,156</u>	<u>493,946</u>	<u>507,851</u>	<u>493,186</u>