

Adobe Systems Reports Record Quarterly and Annual Revenue and Net Income

Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Year Ended	
	December 2, 2005	December 3, 2004	December 2, 2005	December 3, 2004
Revenue:				
Products	\$ 498,457	\$ 420,204	\$ 1,923,278	\$ 1,633,959
Services and support	11,914	9,298	43,043	32,622
Total revenue	<u>510,371</u>	<u>429,502</u>	<u>1,966,321</u>	<u>1,666,581</u>
Total cost of revenue:				
Products	24,720	23,887	89,942	86,572
Services and support	5,975	5,485	22,636	17,806
Total cost of revenue	<u>30,695</u>	<u>29,372</u>	<u>112,578</u>	<u>104,378</u>
Gross profit	479,676	400,130	1,853,743	1,562,203
Operating Expenses:				
Research and development	94,647	80,100	365,328	311,296
Sales and marketing	147,229	140,289	593,323	521,143
General and administrative	45,870	33,362	166,658	137,970
Total operating expenses	<u>287,746</u>	<u>253,751</u>	<u>1,125,309</u>	<u>970,409</u>
Operating income	191,930	146,379	728,434	591,794
Non-operating income:				
Investment income (loss), net	4,998	4,158	(1,301)	2,506
Interest and other income	10,291	2,843	38,643	14,345
Total non-operating income	<u>15,289</u>	<u>7,001</u>	<u>37,342</u>	<u>16,851</u>
Income before income taxes	207,219	153,380	765,776	608,645
Provision for income taxes	50,968	39,879	162,937	158,247
Net income	<u>\$ 156,251</u>	<u>\$ 113,501</u>	<u>\$ 602,839</u>	<u>\$ 450,398</u>
Basic net income per share	<u>\$ 0.32</u>	<u>\$ 0.24</u>	<u>\$ 1.23</u>	<u>\$ 0.94</u>
Shares used in computing basic net income per share	<u>492,517</u>	<u>479,740</u>	<u>489,921</u>	<u>477,658</u>
Diluted net income per share	<u>\$ 0.31</u>	<u>\$ 0.23</u>	<u>\$ 1.19</u>	<u>\$ 0.91</u>
Shares used in computing diluted net income per share	<u>508,562</u>	<u>500,620</u>	<u>508,070</u>	<u>495,626</u>
Cash dividends declared per share	<u>\$ —</u>	<u>\$ 0.00625</u>	<u>\$ 0.00625</u>	<u>\$ 0.025</u>