

Adobe Reports Record Q1 Financial Results

Condensed Consolidated Statements of Income

(In thousands, except per share data; unaudited)

	Three Months Ended	
	March 3, 2006	March 4, 2005
Revenue:		
Products	\$ 636,826	\$ 463,147
Services and support	18,652	9,735
Total revenue	<u>655,478</u>	<u>472,882</u>
Total cost of revenue:		
Products	62,849	21,855
Services and support	14,897	5,114
Total cost of revenue	<u>77,746</u>	<u>26,969</u>
Gross profit	577,732	445,913
Operating expenses:		
Research and development	129,325	86,686
Sales and marketing	204,366	147,383
General and administrative	57,063	41,132
Restructuring and other charges	18,984	—
Amortization of purchased intangibles	17,112	—
Amortization of deferred compensation	20,902	—
Total operating expenses	<u>447,752</u>	<u>275,201</u>
Operating income	129,980	170,712
Non-operating income, net:		
Investment loss	(1,265)	(1,554)
Interest and other income	15,542	7,627
Total non-operating income	<u>14,277</u>	<u>6,073</u>
Income before income taxes	144,257	176,785
Income tax provision	<u>39,185</u>	<u>24,891</u>
Net income	<u>\$ 105,072</u>	<u>\$ 151,894</u>
Basic net income per share	<u>\$ 0.18</u>	<u>\$ 0.31</u>
Shares used in computing basic net income per share	<u>598,451</u>	<u>486,260</u>
Diluted net income per share	<u>\$ 0.17</u>	<u>\$ 0.30</u>
Shares used computing diluted net income per share	<u>621,839</u>	<u>506,182</u>