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Adobe Reports Strong Q3 Financial Results

Condensed Consolidated Statements of Cash Flows

(In thousands; unaudited)

	Three Months Ended	
	August 29, 2008	August 31, 2007
Cash flows from operating activities:		
Net income.....	\$ 191,608	\$ 205,243
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	62,679	81,727
Stock-based compensation expense, net of tax.....	106,297	45,490
Net investment gains	(1,111)	(911)
Changes in deferred revenue.....	16,018	(16,834)
Changes in operating assets and liabilities	(163,720)	109,959
Net cash provided by operating activities	<u>211,771</u>	<u>424,674</u>
Cash flows from investing activities:		
Purchases of short-term investments, net of sales and maturities.....	(168,586)	29,356
Purchases of property and equipment.....	(39,810)	(32,160)
Purchases of long term investments and other assets, net of sales.....	(56,792)	(52,738)
Cash received from acquisitions	—	639
Net cash used for investing activities	<u>(265,188)</u>	<u>(54,903)</u>
Cash flows from financing activities:		
Purchases of treasury stock	(122,552)	(850,044)
Reissuances of treasury stock	138,987	122,713
Excess tax benefits from stock-based compensation	14,306	16,974
Net cash provided by (used for) financing activities	<u>30,741</u>	<u>(710,357)</u>
Effect of exchange rate changes on cash and cash equivalents	(5,514)	(1,748)
Net decrease in cash and cash equivalents.....	(28,190)	(342,334)
Cash and cash equivalents at beginning of period	1,162,453	901,617
Cash and cash equivalents at end of period.....	<u>\$ 1,134,263</u>	<u>\$ 559,283</u>