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Adobe Reports Strong Q3 Financial Results

Condensed Consolidated Statements of Income

(In thousands, except per share data; unaudited)

	Three Months Ended		Nine Months Ended	
	August 29, 2008	August 31, 2007	August 29, 2008	August 31, 2007
Revenue:				
Products.....	\$ 838,813	\$ 813,382	\$ 2,532,076	\$ 2,147,149
Services and support	48,444	38,304	132,512	99,521
Total revenue.....	<u>887,257</u>	<u>851,686</u>	<u>2,664,588</u>	<u>2,246,670</u>
Total cost of revenue:				
Products.....	84,623	69,002	202,657	193,532
Services and support	26,228	23,619	73,535	62,566
Total cost of revenue.....	<u>110,851</u>	<u>92,621</u>	<u>276,192</u>	<u>256,098</u>
Gross profit	776,406	759,065	2,388,396	1,990,572
Operating expenses:				
Research and development	170,124	163,217	508,909	450,395
Sales and marketing.....	271,439	251,243	813,399	702,323
General and administrative.....	97,156	71,132	257,163	201,004
Restructuring and other charges	1,194	555	2,625	555
Amortization of purchased intangibles and incomplete technology.....	17,024	17,893	51,222	54,542
Total operating expenses	<u>556,937</u>	<u>504,040</u>	<u>1,633,318</u>	<u>1,408,819</u>
Operating income.....	219,469	255,025	755,078	581,753
Non-operating income (expense):				
Interest and other income, net	9,338	22,733	34,778	65,866
Interest expense	(2,390)	(69)	(8,027)	(175)
Investment gains (loss)	2,097	(694)	20,335	9,069
Total non-operating income, net	<u>9,045</u>	<u>21,970</u>	<u>47,086</u>	<u>74,760</u>
Income before income taxes	228,514	276,995	802,164	656,513
Provision for income taxes.....	36,906	71,752	176,267	154,914
Net income.....	<u>\$ 191,608</u>	<u>\$ 205,243</u>	<u>\$ 625,897</u>	<u>\$ 501,599</u>
Basic net income per share.....	<u>\$ 0.36</u>	<u>\$ 0.35</u>	<u>\$ 1.15</u>	<u>\$ 0.85</u>
Shares used in computing basic net income per share.....	531,060	583,670	542,624	587,141
Diluted net income per share.....	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 1.13</u>	<u>\$ 0.83</u>
Shares used in computing diluted net income per share	541,311	597,334	552,739	602,263