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Adobe Provides Preliminary Q1 Fiscal 2009 Results

Non-GAAP Results and Targets

(Shares in millions)

The following tables reconcile Adobe's preliminary first quarter fiscal year 2009 non-GAAP results with preliminary GAAP results included in this release.

	Three Months Ended February 27, 2009	
	Low	High
Operating margin:		
GAAP operating margin	26.0%	26.5%
Stock-based and deferred compensation expense.....	5.7	5.6
Restructuring charges	1.6	1.6
Amortization of purchased intangibles	3.7	3.8
Non-GAAP operating margin.....	<u>37.0%</u>	<u>37.5%</u>

	Three Months Ended February 27, 2009	
	Low	High
Diluted earnings per share:		
GAAP diluted earnings per share.....	\$ 0.30	\$ 0.30
Stock-based and deferred compensation expense, net of tax..	0.09	0.09
Restructuring charges, net of tax.....	0.02	0.02
Amortization of purchased intangibles, net of tax.....	0.06	0.06
Investment loss, net of tax.....	0.02	0.03
Income tax adjustments	(0.05)	(0.05)
Non-GAAP diluted earnings per share.....	<u>\$ 0.44</u>	<u>\$ 0.45</u>
Shares used in computing diluted earnings per share	<u>532.0</u>	<u>528.0</u>

The following tables show the Company's first quarter fiscal year 2009 non-GAAP financial targets reconciled to GAAP financial targets included in this release.

	First Quarter Fiscal 2009	
	Low	High
Operating margin:		
GAAP operating margin	26.0%	28.0%
Stock-based and deferred compensation expense.....	5.7	5.4
Restructuring charges	1.6	1.2
Amortization of purchased intangibles	3.7	3.4
Non-GAAP operating margin.....	<u>37.0%</u>	<u>38.0%</u>

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	First Quarter Fiscal 2009	
	Low	High
Diluted earnings per share:		
GAAP diluted earnings per share.....	\$ 0.30	\$ 0.35
Stock-based and deferred compensation expense, net of tax..	0.08	0.08
Restructuring charges, net of tax.....	0.02	0.01
Amortization of purchased intangibles, net of tax.....	0.05	0.05
Income tax adjustments	(0.02)	(0.02)
Non-GAAP diluted earnings per share.....	<u>\$ 0.43</u>	<u>\$ 0.47</u>
Shares used in computing diluted earnings per share	<u>534.0</u>	<u>530.0</u>

The following table shows the Company's second quarter 2009 non-GAAP financial targets reconciled to GAAP financial targets included in this release.

	Second Quarter Fiscal 2009	
	Low	High
Operating margin:		
GAAP operating margin.....	21.0%	26.0%
Stock-based and deferred compensation expense.....	6.3	5.5
Restructuring charges	0.5	0.5
Amortization of purchased intangibles	4.2	4.0
Non-GAAP operating margin.....	<u>32.0%</u>	<u>36.0%</u>

Adobe continues to provide all information required in accordance with GAAP, but believes evaluating its ongoing operating results may not be as useful if an investor is limited to reviewing only GAAP financial measures. Accordingly, Adobe uses non-GAAP financial information to evaluate its ongoing operations and for internal planning and forecasting purposes. Adobe's management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Adobe presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Adobe's operating results in a manner that focuses on what Adobe believes to be its ongoing business operations. Adobe's management believes it is useful for itself and investors to review, as applicable, both GAAP information that includes stock-based and deferred compensation expense, restructuring charges, amortization of purchased intangibles, investment gains and losses and the related tax impact of these items, the income tax effect of the non-GAAP pre-tax adjustments from the provision for income taxes, and the non-GAAP measures that exclude such information in order to assess the performance of Adobe's business and for planning and forecasting in subsequent periods. Whenever Adobe uses such a non-GAAP financial measure, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure as detailed above.