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Adobe Reports First Quarter Financial Results

Condensed Consolidated Statements of Income

(In thousands, except per share data; unaudited)

	Three Months Ended	
	February 27, 2009	February 29, 2008
Revenue:		
Products	\$ 742,199	\$ 851,962
Services and support.....	44,191	38,483
Total revenue	<u>786,390</u>	<u>890,445</u>
Cost of revenue:		
Products	58,918	59,805
Services and support.....	18,435	22,670
Total cost of revenue	<u>77,353</u>	<u>82,475</u>
Gross profit	709,037	807,970
Operating expenses:		
Research and development	149,917	168,485
Sales and marketing.....	249,491	262,595
General and administrative.....	74,051	82,929
Restructuring charges.....	12,270	1,431
Amortization of purchased intangibles	15,392	17,099
Total operating expenses.....	<u>501,121</u>	<u>532,539</u>
Operating income	207,916	275,431
Non-operating income (expense):		
Interest and other income, net.....	13,284	13,290
Interest expense	(792)	(1,809)
Investment (loss) gain, net.....	(17,246)	8,732
Total non-operating income (expense), net	<u>(4,754)</u>	<u>20,213</u>
Income before income taxes	203,162	295,644
Provision for income taxes	46,727	76,265
Net income	<u>\$ 156,435</u>	<u>\$ 219,379</u>
Basic net income per share	<u>\$ 0.30</u>	<u>\$ 0.39</u>
Shares used in computing basic net income per share	<u>524,268</u>	<u>561,113</u>
Diluted net income per share.....	<u>\$ 0.30</u>	<u>\$ 0.38</u>
Shares used in computing diluted net income per share.....	<u>527,830</u>	<u>571,259</u>