

Adobe Delivers Strong Q1 Financial Results

Condensed Consolidated Statements of Income

(In thousands, except per share data; unaudited)

	Three Months Ended	
	March 5, 2010	February 27, 2009
Revenue:		
Products	\$ 799,445	\$ 742,199
Services and support	59,255	44,191
Total revenue	<u>858,700</u>	<u>786,390</u>
Cost of revenue:		
Products	69,782	58,918
Services and support	19,586	18,435
Total cost of revenue	<u>89,368</u>	<u>77,353</u>
Gross profit	769,332	709,037
Operating expenses:		
Research and development	174,340	149,917
Sales and marketing	297,294	249,491
General and administrative	91,046	74,051
Restructuring charges	11,622	12,270
Amortization of purchased intangibles	18,197	15,392
Total operating expenses	<u>592,499</u>	<u>501,121</u>
Operating income	176,833	207,916
Non-operating income (expense):		
Interest and other income, net	611	13,284
Interest expense	(7,695)	(792)
Investment gains (losses), net	(3,534)	(17,246)
Total non-operating income (expense), net	<u>(10,618)</u>	<u>(4,754)</u>
Income before income taxes	166,215	203,162
Provision for income taxes	39,061	46,727
Net income	<u>\$ 127,154</u>	<u>\$ 156,435</u>
Basic net income per share	<u>\$ 0.24</u>	<u>\$ 0.30</u>
Shares used in computing basic net income per share	<u>524,173</u>	<u>524,268</u>
Diluted net income per share	<u>\$ 0.24</u>	<u>\$ 0.30</u>
Shares used in computing diluted net income per share	<u>532,645</u>	<u>527,830</u>