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**FOR IMMEDIATE RELEASE**

## **Adobe Reports Strong Q1 Revenue and Earnings**

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### **Company Achieves 37 Percent Year-Over-Year Revenue Growth**

**SAN JOSE, Calif. — March 18, 2008** — Adobe Systems Incorporated (Nasdaq:ADBE) today reported financial results for its first quarter ended Feb. 29, 2008.

In the first quarter of fiscal 2008, Adobe achieved revenue of \$890.4 million, compared to \$649.4 million reported for the first quarter of fiscal 2007 and \$911.2 million reported in the fourth quarter of fiscal 2007. This represents 37 percent year-over-year revenue growth. Adobe's first quarter revenue target range was \$855 to \$885 million.

“Driving our strong performance in Q1 was continued demand for our Creative Suite 3 family of products, as well as another record quarter for our Acrobat product family,” said Shantanu Narayen, president and chief executive officer of Adobe. “As the proliferation of digital content accelerates, customers worldwide are looking to Adobe for solutions that enable the creation of rich, engaging experiences across a variety of media and devices. This trend will continue to drive our diverse business, and we are reaffirming our fiscal year financial targets.”

During the first quarter, Adobe repurchased 33.3 million shares of its outstanding common stock, at a cost of \$1.25 billion.

### **First Quarter GAAP Results**

Adobe's GAAP diluted earnings per share for the first quarter of fiscal 2008 were \$0.38, based on 571.3 million weighted average shares. This compares with GAAP diluted earnings per share of \$0.24 reported in the first quarter of fiscal 2007 based on 604.2 million weighted average shares, and GAAP diluted earnings per share of \$0.38 reported in the fourth quarter of fiscal 2007 based on 587.9 million weighted average shares. Adobe's first quarter GAAP earnings per share target range was \$0.34 to \$0.36.

GAAP operating income was \$275.4 million in the first quarter of fiscal 2008, compared to \$146.3 million in the first quarter of fiscal 2007 and \$275.8 million in the fourth quarter of fiscal 2007. As a percent of revenue, GAAP operating income in the first quarter of fiscal 2008 was 30.9 percent, compared to 22.5 percent in the first quarter of fiscal 2007 and 30.3 percent in the fourth quarter of fiscal 2007.

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GAAP net income was \$219.4 million for the first quarter of fiscal 2008, compared to \$143.9 million reported in the first quarter of fiscal 2007, and \$222.2 million in the fourth quarter of fiscal 2007.

**First Quarter Non-GAAP Results**

Non-GAAP diluted earnings per share for the first quarter of fiscal 2008 were \$0.48. This compares with non-GAAP diluted earnings per share of \$0.30 reported in the first quarter of fiscal 2007, and non-GAAP diluted earnings per share of \$0.49 reported in the fourth quarter of fiscal 2007. Adobe's first quarter non-GAAP earnings per share target range was \$0.44 to \$0.46.

Adobe's non-GAAP operating income was \$359.0 million in the first quarter of fiscal 2008, compared to \$223.8 million in the first quarter of fiscal 2007 and \$362.2 million in the fourth quarter of fiscal 2007. As a percent of revenue, non-GAAP operating income in the first quarter of fiscal 2008 was 40.3 percent, compared to 34.5 percent in the first quarter of fiscal 2007 and 39.7 percent in the fourth quarter of fiscal 2007.

Non-GAAP net income was \$273.0 million for the first quarter of fiscal 2008, compared to \$183.6 million in the first quarter of fiscal 2007, and \$289.6 million in the fourth quarter of fiscal 2007.

A reconciliation between GAAP and non-GAAP results is provided at the end of this press release.

**Adobe Provides Second Quarter Financial Targets and Reaffirms Fiscal Year 2008 Targets**

For the second quarter of fiscal 2008, Adobe announced it is targeting revenue of \$855 million to \$885 million. The Company is targeting a GAAP operating margin of 29 to 30 percent in the second quarter. On a non-GAAP basis, the Company is targeting a second quarter operating margin of approximately 39 percent.

In addition, Adobe is targeting its share count to be between 546 million and 550 million shares in the second quarter of fiscal 2008. The Company also is targeting GAAP non-operating income to be \$14 million to \$16 million, and non-GAAP non-operating income to be \$5 million to \$7 million. Adobe's GAAP and non-GAAP tax rate is expected to be approximately 27 percent.

These targets lead to a second quarter earnings per share target range of \$0.35 to \$0.37 on a GAAP basis, and a earnings per share target range of \$0.45 to \$0.47 on a non-GAAP basis.

For fiscal year 2008, Adobe reaffirmed it is targeting annual revenue growth of approximately 13 percent. The Company also reaffirmed it is targeting an annual GAAP operating margin of approximately 30 percent, and a non-GAAP operating margin of approximately 39 percent.

In addition, Adobe provided fiscal year 2008 earnings targets. On a GAAP basis, the Company is targeting earnings per share of \$1.45 to \$1.51. On a non-GAAP basis, the Company is targeting earnings per share of \$1.86 to \$1.92.

A reconciliation between these GAAP and non-GAAP financial targets is provided at the end of this press release.

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**Forward-Looking Statements Disclosure**

This press release contains forward-looking statements, including those related to revenue, operating margin, other income, tax rate, share count, earnings per share, and business momentum which involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to: delays in development or shipment of Adobe's new products or major new versions of existing products, introduction of new products and business models by existing and new competitors, failure to successfully manage transitions to new business models and markets, failure to anticipate and develop new products and services in response to changes in demand for application software and software delivery, computers, printers, or other non PC-devices, adverse changes in general economic or political conditions in any of the major countries in which Adobe does business, difficulty in predicting revenue from new businesses, costs related to intellectual property acquisitions, disputes and litigation, inability to protect Adobe's intellectual property from unauthorized copying, use, disclosure or malicious attack, failure to realize the anticipated benefits of past or future acquisitions and difficulty in integrating such acquisitions, changes to Adobe's distribution channel, disruption of Adobe's business due to catastrophic events, risks associated with international operations, fluctuations in foreign currency exchange rates, changes in, or interpretations of, accounting principles, impairment of Adobe's goodwill or intangible assets, unanticipated changes in, or interpretations of, tax rules and regulations, Adobe's inability to attract and retain key personnel, market risks associated with Adobe's equity investments, and interruptions or terminations in Adobe's relationships with turnkey assemblers. For further discussion of these and other risks and uncertainties, individuals should refer to Adobe's SEC filings.

The financial information set forth in this press release reflects estimates based on information available at this time. These amounts could differ from actual reported amounts stated in Adobe's Quarterly Report on Form 10-Q for the first quarter ended Feb. 29, 2008, which the Company expects to file in April 2008. Adobe does not undertake an obligation to update forward-looking statements.

**About Adobe Systems Incorporated**

Adobe revolutionizes how the world engages with ideas and information – anytime, anywhere and through any medium. For more information, visit [www.adobe.com](http://www.adobe.com).

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