Adobe Systems Reports Strong Third Quarter Fiscal 2003 Results

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended	
	August 29, 2003	August 30, 2002
Cash flows from operating activities:		
Net income	$ 64,524	$ 47,201
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,182	16,841
Stock compensation expense	660	1,216
Deferred income taxes	9,547	(10,796)
Provision for losses on receivables	(16)	(573)
Tax benefit from employee stock option plans	2,244	995
Loss on impairment	—	5,545
Loss on equity and cost method investments	2,822	2,989
(Gains) losses on sale of equity securities	99	(70)
Loss on other-than-temporary declines of equity securities	75	1,279
Changes in operating assets and liabilities:		
Receivables	17,552	(9,277)
Other current assets	(5,262)	(9,868)
Trade and other payables	(9,236)	(844)
Accrued expenses	(5,795)	(16,500)
Accrued restructuring charges	(1,396)	(6,199)
Income taxes payable	9,495	23,121
Deferred revenue	(412)	1,519
Net cash provided by operating activities	97,083	46,579
Cash flows from investing activities:		
Purchases of short-term investments	(153,807)	(186,371)
Maturities and sales of short-term investments	83,722	159,240
Acquisitions of property and equipment	(7,682)	(7,278)
Purchases of long-term investments	(594)	(3,713)
Additions to other assets	(4,465)	(3,172)
Proceeds from sale of equity securities	20	671
Net cash used for investing activities	(82,806)	(40,623)
Cash flows from financing activities:		
Purchase of treasury stock	(39,187)	(111,080)
Proceeds from issuance of treasury stock	31,140	17,570
Payment of dividends	(2,916)	(2,994)
Net cash used for financing activities	(10,963)	(96,504)
Effect of foreign currency exchange rates on cash and cash equivalents	(684)	650
Net increase (decrease) in cash and cash equivalents	2,630	(89,898)
Cash and cash equivalents at beginning of period	141,831	231,252
Cash and cash equivalents at end of period	$ 144,461	$ 141,354