

Adobe Systems Reports Strong First Quarter Fiscal 2003 Results

Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

	Three Months Ended	
	February 28, 2003	March 1, 2002
Cash flows from operating activities:		
Net income	\$ 54,225	\$ 49,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	11,992	13,803
Stock compensation expense	952	2,787
Deferred income taxes.....	5,744	2,751
Provision for losses on receivables.....	495	77
Tax benefit from employee stock plans.....	2,014	6,036
Loss on equity and cost method investments	3,554	2,236
Gain on sale of equity securities.....	(771)	(6,865)
Loss on other-than-temporary declines of equity securities.....	3,910	96
Changes in operating assets and liabilities:		
Receivables.....	(12,560)	(21,495)
Other current assets	(2,492)	2,066
Trade and other payables.....	(3,574)	3,552
Accrued expenses	14,410	(755)
Accrued restructuring.....	(4,742)	(7,900)
Income taxes payable	4,891	(10,048)
Deferred revenue.....	1,299	1,914
Net cash provided by operating activities.....	<u>79,347</u>	<u>38,063</u>
Cash flows from investing activities:		
Purchases of short-term investments.....	(124,464)	(380,564)
Maturities and sales of short-term investments	45,568	333,550
Acquisitions of property and equipment.....	(7,490)	(5,729)
Purchases of long-term investments	(2,193)	(3,018)
Additions to other assets.....	(1,323)	(9,031)
Proceeds from the sale of equity securities	1,764	10,308
Net cash used for investing activities.....	<u>(88,138)</u>	<u>(54,484)</u>
Cash flows from financing activities:		
Purchase of treasury stock	(45,207)	(10,952)
Proceeds from re-issuance of treasury stock.....	13,729	32,941
Payment of dividends.....	(2,887)	(2,961)
Net cash (used for) provided by financing activities	<u>(34,365)</u>	<u>19,028</u>
Effect of foreign currency exchange rates on cash and cash equivalents	1,569	(569)
Net (decrease) increase in cash and cash equivalents	(41,587)	2,038
Cash and cash equivalents at beginning of period	183,684	218,662
Cash and cash equivalents at end of period.....	<u>\$ 142,097</u>	<u>\$ 220,700</u>