

## Adobe Systems Reports Strong First Quarter Fiscal 2003 Results

### Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

|  | <u>Three Months Ended</u>         |                               |
|--|-----------------------------------|-------------------------------|
|  | <u>February 28</u><br><u>2003</u> | <u>March 1</u><br><u>2002</u> |
| Revenue:   |                                   |                               |
| Products   | \$ 290,755                        | \$ 267,896                    |
| Services and support                                     | <u>6,140</u>                      | <u>—</u>                      |
| Total revenue  | 296,895                           | 267,896                       |
| Cost of revenue:   |                                   |                               |
| Products   | 19,360                            | 20,997                        |
| Services and support                                     | <u>3,002</u>                      | <u>—</u>                      |
| Gross profit   | <u>274,533</u>                    | <u>246,899</u>                |
| Operating expenses:                                      |                                   |                               |
| Research and development                                 | 65,956                            | 59,297                        |
| Sales and marketing                                      | 98,028                            | 89,318                        |
| General and administrative                               | 30,041                            | 25,599                        |
| Acquired in-process research and development             | —                                 | 5,359                         |
| Amortization of goodwill and<br>purchased intangibles    | <u>—</u>                          | <u>3,541</u>                  |
| Total operating expenses                                 | <u>194,025</u>                    | <u>183,114</u>                |
| Operating income   | <u>80,508</u>                     | <u>63,785</u>                 |
| Nonoperating income, net:                                |                                   |                               |
| Investment gain (loss)                                   | (6,692)                           | 4,533                         |
| Interest and other income                                | <u>3,649</u>                      | <u>4,929</u>                  |
| Total nonoperating<br>income (loss), net                 | <u>(3,043)</u>                    | <u>9,462</u>                  |
| Income before income taxes                               | 77,465                            | 73,247                        |
| Provision for income taxes                               | <u>23,240</u>                     | <u>23,439</u>                 |
| Net income   | <u>\$ 54,225</u>                  | <u>\$ 49,808</u>              |
| Basic net income per share                               | <u>\$ .23</u>                     | <u>\$ .21</u>                 |
| Shares used in computing basic<br>net income per share   | <u>231,084</u>                    | <u>236,581</u>                |
| Diluted net income per share                             | <u>\$ .23</u>                     | <u>\$ .20</u>                 |
| Shares used in computing diluted<br>net income per share | <u>235,294</u>                    | <u>245,245</u>                |