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**Adobe Systems Reports Record Revenue and Profit**

**Condensed Consolidated Statements of Income**

(In thousands, except per share data; unaudited)

	<b>Three Months Ended</b>	
	<b>March 5, 2004</b>	<b>February 28, 2003</b>
Revenue:		
Products	\$ 415,752	\$ 290,755
Services and support	7,529	6,140
Total revenue	<u>423,281</u>	<u>296,895</u>
Total cost of revenue:		
Products	20,444	19,360
Services and support	3,738	3,002
Total cost of revenue	<u>24,182</u>	<u>22,362</u>
Gross profit	399,099	274,533
Operating expenses:		
Research and development	75,071	65,956
Sales and marketing	127,354	98,028
General and administrative	33,412	30,041
Total operating expenses	<u>235,837</u>	<u>194,025</u>
Operating income	163,262	80,508
Non-operating income (loss), net:		
Investment loss	(1,031)	(6,692)
Interest and other income	4,032	3,649
Total non-operating income (loss)	<u>3,001</u>	<u>(3,043)</u>
Income before income taxes	166,263	77,465
Provision for income taxes	<u>43,228</u>	<u>23,240</u>
Net income	<u>\$ 123,035</u>	<u>\$ 54,225</u>
Basic net income per share	<u>\$ 0.52</u>	<u>\$ 0.23</u>
Shares used in computing basic net income per share	<u>238,384</u>	<u>231,084</u>
Diluted net income per share	<u>\$ 0.50</u>	<u>\$ 0.23</u>
Shares used computing diluted net income per share	<u>246,087</u>	<u>235,294</u>