



## **QUESTIONS AND ANSWERS FOR ADOBE STOCKHOLDERS**

### **2:1 Stock Split**

*Payable on October 26, 1999, for Stockholders of Record on October 4, 1999*

This information is intended to answer questions you may have about how the recently announced stock split affects your investment in Adobe and about the new Direct Registration System (DRS).

#### ***Why did the stock split?***

A stock split makes the price of the Company's stock more affordable and attractive to investors. For some time now, the market has demonstrated confidence in Adobe's current and future performance with an increase in the price of the stock. By splitting the stock and reducing the price, Adobe is making it possible for more people to invest in Adobe.

Initially, the stock split should reduce the price of each share of Adobe stock. As you might expect, however, market conditions will determine the trading price of the stock.

#### ***How does the split affect my investment in Adobe?***

As a stockholder of record at the close of business on October 4, 1999, you benefit from the stock split by receiving additional Adobe Common Stock as of the payable date on October 26, 1999. For every one share you held prior to the split, you receive one additional share. For example, if on October 4, you owned 100 shares with a cost basis of \$40 per share, you will own 200 shares with a cost basis of \$20 per share on October 26. (100 shares times 2 = 200; \$40.00 divided by 2 = \$20.00) Also, the value of your shares will change.

#### ***Will I benefit from the stock split if I sell my shares after the record date of October 4 but prior to the payable date of October 26?***

No. If you sell your shares prior to the payable date, the shares you sold and the additional shares will belong to the new purchaser.

#### ***Will the cash dividend be paid on my pre-split or post-split shares?***

You will receive a dividend of \$.05 per share on the (pre-split) shares you own on the cash dividend record date of September 28, 1999.

#### ***How will I receive my additional shares ?***

If you hold a physical stock certificate, you will receive a Direct Registration Transaction Advice for the additional shares you receive as a result of the stock split. This means that you have full ownership of your shares without the responsibility of holding the actual certificates. The Direct Registration Transaction Advice is your confirmation; it indicates the number of additional shares you own as a result of the split. Keep it with your existing stock certificates and other important documents as a record of your ownership.

If your shares are held in your brokerage account, the additional share(s) will automatically be deposited to your brokerage account.

***How many shares do I get?***

For every one share you own on October 4, you receive one additional share effective October 26 for a total of two – thus, a two-for-one stock split.

Here's how it's calculated: The total shares you own on the record date of October 4 is multiplied by two to determine the total number of shares you hold.

***Will the shares I receive from the stock split result in taxable income to me?***

The receipt of additional shares of common stock from the stock split will not result in any U.S. Federal or (in most states) state taxable income to the stockholder.

***Will the stock split affect the cost basis of my Adobe stock?***

Yes, your per share basis will change. We recommend you consult your tax adviser.

***What are the benefits of Direct Registration?***

There are a number of important advantages to Direct Registration:

- Protects against loss or damage of negotiable certificates
- Eliminates the cost (2 percent of market value) of a surety bond for the replacement of lost certificates
- Makes it easier for you to sell or transfer your shares

***What about my estate? How will my heirs know what I own with DRS?***

Please keep a copy of your Direct Registration confirmation with your valuables. It includes contact information for the most up-to-date account information –just like your bank account.

***What do I do with my existing certificate(s)?***

Existing certificates are still valid. ***Do not destroy them.*** You may deposit your existing certificate(s) in Direct Registration or you may continue to physically hold them and be responsible for their safekeeping. All of the certificates you hold should be kept in a safe place, such as a safe deposit box.

***How do I deposit certificates in DRS?***

- Mail certificates by a traceable method (for example, registered mail, certified mail, or FedEx). ***Do not sign the back of the certificates.***
- Insure your certificates for 2 percent of the market value of the shares.
- Complete the Transaction Request Form at the bottom of your Direct Registration confirmation or send a letter requesting Direct Registration Service to:  
Harris Trust and Savings Bank  
Stock Transfer Operation  
P.O. Box 2388  
Chicago, IL 60690-2388

***How do I request a certificate?***

We believe Direct Registration is the safest and most convenient way to hold your Adobe shares. If, however, you prefer to receive a certificate for your additional stock split shares, you may request it by:

- Completing the Transaction Request Form at the bottom of your Direct Registration confirmation and returning it to the address on the form (or send a letter).
- You can expect to receive your certificates within two weeks of your request.

***Can I sell shares in DRS through Harris Bank?***

If you participate in the Direct Registration System, you may sell Adobe stock through Harris Bank. Please review the Transaction Request Form at the bottom of your Direct Registration confirmation and call Harris Bank at (312) 360-5148 or (800) 455-1130 with questions. A brokerage commission (currently \$0.07 per share sold) and a service fee of \$10 will be deducted from the proceeds of your sale. See the enclosed Sales Order Processing Service Facility terms and conditions for additional information.

***How do I sell shares through a broker/dealer?***

First, you must authorize delivery of your shares to your broker/dealer for sale. To do this you may:

- Instruct Harris Bank to electronically move your shares to your broker/dealer to sell (you will either need a Medallion Signature Guarantee obtained through your bank or broker to do this). You will also need to designate a broker/dealer on your account before requesting this transaction. If you plan to sell shares through a broker/dealer, please add your broker/dealer information to your account as soon as possible to avoid delays. Your Direct Registration confirmation will contain instructions on how to add this information to your account. See the Broker Authorization Form on your Direct Registration confirmation. (Note that you are not otherwise required to add broker/dealer information to your DRS account.)
- Request Harris Bank to issue you a certificate. You may deliver the certificate to your broker/dealer to sell the shares.

***What if I have more questions?***

For more information about Direct Registration, or your Adobe stockholder account, please call Harris Bank at (312) 360-5148 or (800) 455-1130.