

Adobe Systems Reports Second Quarter Fiscal 2003 Results

Pro Forma Results

(In thousands, except per share data)

The following table shows the Company's pro forma results reconciled to the Generally Accepted Accounting Principles ("GAAP") Condensed Consolidated Statements of Income table included on page 4 of this release. The Company's pro forma results do not, as applicable, include restructuring and other charges, acquired in-process research and development, amortization of goodwill and purchased intangibles, or losses on investments in equity securities.

	Three Months Ended		Six Months Ended	
	May 30, 2003	May 31, 2002	May 30, 2003	May 31, 2002
Income before income taxes	\$ 91,780	\$ 79,855	\$ 169,245	\$ 153,102
Restructuring and other charges	—	1,605	—	1,605
Acquired in-process research and development	—	410	—	5,769
Amortization of goodwill and purchased intangibles	—	3,541	—	7,082
Investment loss	3,566	13,728	10,258	9,195
Pro forma income before taxes	95,346	99,139	179,503	176,753
Provision for income taxes	28,604	31,724	53,851	56,561
Pro forma net income	<u>\$ 66,742</u>	<u>\$ 67,415</u>	<u>\$ 125,652</u>	<u>\$ 120,192</u>
Basic net income per share	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.54</u>	<u>\$ 0.51</u>
Shares used in computing basic net income per share	<u>232,124</u>	<u>238,202</u>	<u>231,649</u>	<u>237,369</u>
Diluted net income per share	<u>\$ 0.28</u>	<u>\$ 0.27</u>	<u>\$ 0.53</u>	<u>\$ 0.49</u>
Shares used in computing diluted net income per share	<u>239,237</u>	<u>247,687</u>	<u>237,420</u>	<u>246,358</u>

The above results are supplied to provide meaningful supplemental information regarding Adobe's core operating results because such information excludes amounts that are not necessarily related to its core operating results. Adobe uses this pro forma financial information in assessing the performance of the Company's ongoing operations, and for planning and forecasting in future periods. This pro forma information should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.