

Adobe Systems Reports Record Quarterly and Annual Revenue

Condensed Consolidated Statements of Income

(In thousands, except per share data)

	Three Months Ended (Unaudited)		Twelve Months Ended (Audited)	
	November 28, 2003	November 29, 2002	November 28, 2003	November 29, 2002
Revenue:				
Products	\$ 351,466	\$ 288,514	\$ 1,269,004	\$ 1,153,169
Services and support	7,120	6,140	25,745	11,619
Total revenue	<u>358,586</u>	<u>294,654</u>	<u>1,294,749</u>	<u>1,164,788</u>
Total cost of revenue:				
Products	21,476	23,550	79,902	96,853
Services and support	3,751	2,972	13,120	7,435
Total cost of revenue	<u>25,227</u>	<u>26,522</u>	<u>93,022</u>	<u>104,288</u>
Gross profit	333,359	268,132	1,201,727	1,060,500
Operating Expenses:				
Research and development	73,088	64,181	276,980	246,082
Sales and marketing	113,543	93,314	423,417	380,367
General and administrative	31,570	26,820	122,427	108,134
Restructuring and other charges	(105)	10,543	(544)	12,148
Acquired in-process research and development	—	—	—	5,769
Amortization and impairment of goodwill	—	10,350	—	20,973
Total operating expenses	<u>218,096</u>	<u>205,208</u>	<u>822,280</u>	<u>773,473</u>
Operating income	115,263	62,924	379,447	287,027
Non-operating income:				
Investment gain (loss)	379	(3,792)	(12,875)	(17,185)
Interest and other income	3,428	3,042	13,920	14,847
Total non-operating income (loss)	<u>3,807</u>	<u>(750)</u>	<u>1,045</u>	<u>(2,338)</u>
Income before income taxes	119,070	62,174	380,492	284,689
Provision for income taxes	35,721	22,085	114,148	93,290
Net income	<u>\$ 83,349</u>	<u>\$ 40,089</u>	<u>\$ 266,344</u>	<u>\$ 191,399</u>
Basic net income per share	<u>\$ 0.35</u>	<u>\$ 0.17</u>	<u>\$ 1.14</u>	<u>\$ 0.81</u>
Shares used in computing basic net income per share	<u>235,899</u>	<u>233,838</u>	<u>234,246</u>	<u>236,834</u>
Diluted net income per share	<u>\$ 0.34</u>	<u>\$ 0.17</u>	<u>\$ 1.10</u>	<u>\$ 0.79</u>
Shares used in computing diluted net income per share	<u>245,512</u>	<u>238,407</u>	<u>241,450</u>	<u>243,119</u>