FOR IMMEDIATE RELEASE

Adobe Reports Record Revenue

17 Percent Revenue Growth Driven by Strong Creative Suite 3 and Acrobat Performance

SAN JOSE, Calif. — June 14, 2007 — Adobe Systems Incorporated (Nasdaq:ADBE) today reported financial results for its second quarter of fiscal 2007 ended June 1, 2007. Adobe achieved record revenue of $745.6 million, compared to $635.5 million reported for the second quarter of fiscal 2006 and $649.4 million reported in the first quarter of fiscal 2007. This represents 17 percent year-over-year revenue growth. Adobe's second quarter revenue target range was $700 to $740 million.

"Q2 was a strong quarter, driven by the record performance of both our Creative Suite products and Acrobat," said Bruce Chizen, chief executive officer of Adobe. "Assuming continued business momentum, we expect to exceed our original fiscal year revenue and profit targets."

GAAP Results

Adobe’s GAAP diluted earnings per share for the second quarter of fiscal 2007 were $0.25, based on 603.4 million weighted average shares. This compares with GAAP diluted earnings per share of $0.20 reported in the second quarter of fiscal 2006 based on 613.8 million weighted average shares, and GAAP diluted earnings per share of $0.24 reported in the first quarter of fiscal 2007 based on 604.2 million weighted average shares. Adobe’s second quarter GAAP earnings per share target range was $0.23 to $0.26.

GAAP operating income was $180.4 million in the second quarter of fiscal 2007, compared to $147.9 million in the second quarter of fiscal 2006 and $146.3 million in the first quarter of fiscal 2007. As a percent of revenue, GAAP operating income in the second quarter of fiscal 2007 was 24.2 percent, compared to 23.3 percent in the second quarter of fiscal 2006 and 22.5 percent in the first quarter of fiscal 2007.

GAAP net income was $152.5 million for the second quarter of fiscal 2007, compared to $123.1 million reported in the second quarter of fiscal 2006, and $143.9 million in the first quarter of fiscal 2007.
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Non-GAAP Results

Non-GAAP diluted earnings per share for the second quarter of fiscal 2007 were $0.37. This compares with non-GAAP diluted earnings per share of $0.31 reported in the second quarter of fiscal 2006, and non-GAAP diluted earnings per share of $0.30 reported in the first quarter of fiscal 2007. Adobe’s second quarter non-GAAP earnings per share target range was $0.34 to $0.36.

Adobe’s non-GAAP operating income was $282.1 million in the second quarter of fiscal 2007, compared to $243.1 million in the second quarter of fiscal 2006 and $223.8 million in the first quarter of fiscal 2007. As a percent of revenue, non-GAAP operating income in the second quarter of fiscal 2007 was 37.8 percent, compared to 38.3 percent in the second quarter of fiscal 2006 and 34.5 percent in the first quarter of fiscal 2007.

Non-GAAP net income was $223.2 million for the second quarter of fiscal 2007, compared to $189.4 million in the second quarter of fiscal 2006, and $183.6 million in the first quarter of fiscal 2007.

A reconciliation between GAAP and non-GAAP results is provided at the end of this press release.

Adobe Provides Third Quarter Financial Targets

For the third quarter of fiscal 2007, Adobe announced it is targeting revenue of $760 million to $800 million. The Company also is targeting a GAAP operating margin of approximately 27 to 28 percent. On a non-GAAP basis, the Company is targeting an operating margin of approximately 39 percent.

In addition, Adobe is targeting its share count to be between 607 million and 609 million shares. The Company also is targeting other income to be approximately $21 million to $22 million, with a GAAP tax rate of approximately 25 to 26 percent and a non-GAAP tax rate of approximately 26 to 27 percent.

These targets lead to a GAAP earnings per share target range of approximately $0.28 to $0.31. On a non-GAAP basis, the Company is targeting earnings per share of approximately $0.39 to $0.41.

A reconciliation between GAAP and non-GAAP targets is provided at the end of this press release.

Forward Looking Statements Disclosure

This press release contains forward looking statements, including those related to revenue, operating margin, other income, tax rate, share count, earnings per share, and anticipated business momentum which involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to: delays in development or shipment of Adobe’s new products or major new versions of existing products, introduction of new products by existing and new competitors, failure to successfully manage transitions to new business models and markets, adverse changes in general economic or political conditions in any of the major countries in which Adobe does business, difficulty in predicting revenue from new businesses,
failure to anticipate and develop new products in response to changes in demand for application software, computers, printers, or other non PC-devices, costs related to intellectual property acquisitions, disputes and litigation, inability to protect Adobe's intellectual property from unauthorized copying, use, disclosure or malicious attack, failure to realize the anticipated benefits of past or future acquisitions and difficulty in integrating such acquisitions, changes to Adobe’s distribution channel, disruption of Adobe’s business due to catastrophic events, risks associated with international operations, fluctuations in foreign currency exchange rates, changes in, or interpretations of, accounting principles, impairment of Adobe’s goodwill or intangible assets, unanticipated changes in, or interpretations of, Adobe’s effective tax rates, Adobe’s inability to attract and retain key personnel, market risks associated with Adobe's equity investments, and interruptions or terminations in Adobe’s relationships with turnkey assemblers. For further discussion of these and other risks and uncertainties, individuals should refer to Adobe’s SEC filings. The financial information set forth in this press release reflects estimates based on information available at this time. These amounts could differ from actual reported amounts stated in Adobe’s Quarterly Report on Form 10-Q for the second quarter ended June 1, 2007, which the Company expects to file in July, 2007. Adobe does not undertake an obligation to update forward looking statements.

About Adobe Systems Incorporated

Adobe revolutionizes how the world engages with ideas and information – anytime, anywhere, and through any medium. For more information, visit www.adobe.com.

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