

Adobe Financial Targets

March 17, 2015

This document summarizes the financial targets and target commentary provided by Adobe, and reconciles GAAP to non-GAAP targets.

Q2 FY2015 Targets

The following second quarter fiscal year 2015 quarterly targets and target commentary were provided by Adobe on March 17, 2015.

Revenue	\$1.125 billion to \$1.175 billion	
Non-operating Other Expense	\$15 million to \$17 million	
Tax Rate	GAAP: 24%	Non-GAAP: 21%
Earnings Per Share	GAAP: \$0.20 to \$0.25	Non-GAAP: \$0.41 to \$0.47
Share Count	508 million to 510 million shares	

- Expect Digital Media segment revenue to grow on a sequential basis
 - Expect to add more Creative Cloud net new subscriptions and Digital Media ARR than in Q1
 - Expect Creative Cloud net new subscriptions and Digital Media ARR to grow sequentially in Q3 and Q4
- Expect Adobe Marketing Cloud revenue to grow on a sequential basis
- Expect LiveCycle and Connect revenue to be relatively flat on a sequential basis
- Expect Print and Publishing segment revenue to be relatively flat on a sequential basis

Reconciliation of GAAP to Non-GAAP Financial Targets

(In millions, except per share data)

The following tables show Adobe's GAAP financial targets reconciled to non-GAAP financial targets included in this document.

	Second Quarter Fiscal 2015	
	Low	High
Diluted net income per share:		
GAAP diluted net income per share.....	\$ 0.20	\$ 0.25
Stock-based and deferred compensation expense	0.17	0.18
Amortization of purchased intangibles.....	0.09	0.09
Income tax adjustments.....	(0.05)	(0.05)
Non-GAAP diluted net income per share.....	\$ 0.41	\$ 0.47
Shares used to compute diluted net income per share.....	510.0	508.0

	Three Months Ended
	May 29, 2015
Effective income tax rate:	
GAAP effective income tax rate.....	24.0%
Stock-based and deferred compensation expense.....	(2.7)
Amortization of purchased intangibles.....	(1.3)
Income tax adjustments.....	1.0
Non-GAAP effective income tax rate.....	21.0%

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Use of Non-GAAP Financial Information

Adobe continues to provide all information required in accordance with GAAP, but believes evaluating its ongoing operating results may not be as useful if an investor is limited to reviewing only GAAP financial measures. Adobe uses non-GAAP financial information to evaluate its ongoing operations and for internal planning and forecasting purposes. Adobe's management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Adobe presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Adobe's operating results. Adobe believes these non-GAAP financial measures are useful because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. This allows institutional investors, the analyst community and others to better understand and evaluate our operating results and future prospects in the same manner as management.

Adobe's management believes it is useful for itself and investors to review, as applicable, both GAAP information that may include items such as stock-based and deferred compensation expenses, restructuring and other charges, amortization of purchased intangibles and certain activity in connection with technology license arrangements, investment gains and losses and the related tax impact of all of these items, income tax adjustments, the income tax effect of the non-GAAP pre-tax adjustments from the provision for income taxes, and the non-GAAP measures that exclude such information in order to assess the performance of Adobe's business and for planning and forecasting in subsequent periods. Whenever Adobe uses such a non-GAAP financial measure, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure as detailed above.

Calculating Annualized Recurring Revenue ("ARR")

Creative ARR	(# of Creative Cloud Subscriptions) x (Average Revenue Per Subscription Per Month) x 12 + Annual Digital Publishing Suite Contract Value + Annual Creative ETLA Contract Value
Document Services ARR	Annual Acrobat ETLA Contract Value + Annual Value of Acrobat Cloud, Subscriptions and EchoSign Services
Digital Media ARR	Creative ARR + Document Services ARR

Note: ARR targets and results are adjusted for constant currency based on exchange rates in December each year.

Forward-Looking Statements Disclosure

Our financial targets contain forward-looking statements, including those related to adoption of Creative Cloud, revenue and bookings growth in our Digital Marketing business, growth in recurring revenue, revenue, earnings per share on a GAAP and non-GAAP basis, share count, non-operating expense, and tax rate on a GAAP and non-GAAP basis, 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: failure to develop, market and distribute products and services that meet customer requirements, introduction of new products and business models by competitors, failure to successfully manage transitions to new business models and markets, fluctuations in subscription renewal rates, risks associated with cyber-attacks and information security, potential interruptions or delays in hosted services provided by us or third parties, uncertainty in economic conditions and the financial markets, and failure to realize the anticipated benefits of past or future acquisitions.

For a discussion of these and other risks and uncertainties, please refer to Adobe's Annual Report on Form 10-K for our fiscal year 2014 ended Nov. 28, 2014 and Adobe's Quarterly Reports on Form 10-Q issued in fiscal year 2015. Adobe assumes no obligation to, and does not currently intend to, update these forward-looking statements.