Good afternoon and thank you for joining us today. Joining me on the call are Adobe's President and CEO, Shantanu Narayen, as well as Mark Garrett, Executive Vice President and CFO.

In the call today, we will discuss Adobe's fourth quarter and fiscal year 2014 financial results. By now, you should have a copy of our earnings press release which crossed the wire approximately one hour ago. We've also posted PDFs of our earnings call prepared remarks and slides, our financial targets and an updated investor datasheet on Adobe.com. If you would like a copy of these documents, you can go to the Investor Relations page and find them listed under Quick Links.
Before we get started, we want to emphasize that some of the information discussed in this call, particularly our revenue, subscription and operating model targets, and our forward-looking product plans, is based on information as of today, December 11th, 2014, and contains forward-looking statements that involve risk and uncertainty. Actual results may differ materially from those set forth in such statements. For a discussion of these risks and uncertainties, you should review the Forward-Looking Statements Disclosure in the earnings press release we issued today, as well as Adobe’s SEC filings.

During this call, we will discuss GAAP and non-GAAP financial measures. A reconciliation between the two is available in our financial targets document and in our updated investor datasheet on Adobe’s Investor Relations website.

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I will now turn the call over to Shantanu.
SHANTANU NARAYEN

FY14 was an outstanding year. Our achievements included better-than-expected Digital Media ARR and subscriptions; strong bookings growth for Adobe Marketing Cloud; broad industry recognition of our product leadership; and great progress in growing and deepening our customer relationships.

In Q4 we delivered revenue of $1.07 billion dollars, contributing to total revenue of $4.15 billion in FY14.

In Digital Media, Creative Cloud continued its strong performance. As of the end of Q4, Creative Cloud adoption grew by more than 644 thousand to over 3.45 million subscriptions, significantly exceeding our annual target. Subscription growth was fueled by continued movement of the Creative Suite installed base to Creative Cloud as well as the addition of customers that are new to Adobe creative products. We saw strength across all our offerings – Creative Cloud Complete, Creative Cloud for teams in the channel and on Adobe.com, Creative Cloud Single App and the Creative Cloud Photography bundle.
Creative Cloud innovation continues to accelerate. At MAX, we unveiled another major update to Creative Cloud, which includes significant new versions of CC desktop tools, a new family of complementary mobile apps, touch support for Microsoft Windows 8 and Surface Pro 3, and the new Creative Profile, which connects Creatives to their work, assets and communities.

We made significant strides in realizing our vision for Creative Cloud as much more than desktop tools. The Behance creative community continues to thrive, growing to over 4 million members.

We launched a public beta of a Creative SDK that enables the delivery of third-party mobile apps that connect to Creative Cloud. This move comes on the heels of our September announcement when we acquired Aviary, a developer of mobile SDKs for the delivery of creative apps.

At MAX we launched Creative Talent Search, a service that connects Creatives around the world with job opportunities. This was the first step in making Creative Cloud a true Marketplace for the creative community.

Adobe to Acquire Fotolia

- Leading service for Creatives to buy and sell photos, graphics and video
- Stock content is critical for Creatives
- Large and fast-growing multi-billion dollar market
- Intend to integrate Fotolia services into Creative Cloud

Today we took another major step in expanding the Marketplace with the announcement of our intention to acquire privately-held Fotolia, a leading service for creatives to buy and sell photos, graphics and video. Stock content is critical for creatives and is a large and fast-growing multi-billion dollar market. Once closed, we intend to integrate Fotolia into Creative Cloud, resulting in higher ARPU and increased revenue. We also plan to continue to operate Fotolia as a standalone stock content service.
Creative Cloud has become the preeminent destination for creatives, transforming how they find inspiration and deliver their best work.

The Document Services business continues to grow. PDF and Acrobat remain the de facto standards for document creation and collaboration. In fact, we have more than 1 billion cumulative downloads of Reader on desktop and mobile. In FY14 we drove strong year-over-year and sequential growth in Document Services ARR, primarily due to strength in the adoption of Acrobat ETLAs and subscriptions. We have introduced new mobile and cloud capabilities to increase usage of our document creation, sharing, and EchoSign electronic signature services. We have permission to expand our footprint and extend our brand in these areas, and are excited about a major update in the first half of FY15.

Across our Creative and Document Services businesses, total Digital Media ARR grew to $1.95 billion at the end of FY14.
In Digital Marketing, we achieved record Adobe Marketing Cloud bookings in Q4 and we were well ahead of our 30% annual growth target. Reported revenue for Adobe Marketing Cloud in Q4 was $330 million.

We continued to deliver significant innovation in Adobe Marketing Cloud during Q4. Mobile is a key focus area for us, and we launched new mobile functionality across Adobe Marketing Cloud in 2014. Last month we introduced new intelligent location marketing features, allowing companies to reach their customers with targeted content based on a user’s proximity to iBeacons. In October we released cross-device targeting and personalization capabilities via Adobe AudienceManager. With these capabilities, marketers have the tools to profile which individuals in a household are consuming content on a connected device at any given moment. In the video space, we announced the availability of Adobe Primetime Digital Rights Management across mobile apps on connected devices and via HTML5 on major Web browsers.

We continue to drive large-scale engagements with Adobe Marketing Cloud customers. Big deals in Q4 included Ford, FedEx, MasterCard, Morgan Stanley, QVC, Commonwealth of Pennsylvania, and US Dept. of Veterans Affairs. Adobe Experience Manager and Adobe Analytics are our unique differentiators and continue to be the foundation of our growth. Adobe Target and Adobe Media Optimizer solutions had strong results in Q4. One of the best performing solutions in Q4 was Adobe Campaign, which came from our acquisition of Neolane last year. This is another proof point of our success in integrating acquisitions to effectively expand our offerings to customers.

Adobe Primetime, which brings TV to every IP-connected screen, is gaining traction among both programmers and operators in the fast-growing online video market. In October, we announced an alliance with Nielsen to deliver the industry’s first comprehensive, cross-platform system for measuring online TV, video and other digital content across the Web and apps. Both companies will jointly market Nielsen’s Digital Content Ratings, Powered by Adobe, which will give customers comparable metrics to measure audiences accurately and consistently across every major IP device, including desktops, smartphones, tablets, game consoles and over-the-top boxes. The Nielsen alliance builds on other Adobe Marketing Cloud strategic partnerships announced earlier this year, including our relationship with advertising giant Publicis.
With over 30 trillion data transactions measured annually by Adobe Marketing Cloud, we are in a unique position to predict and report on major retail and consumer trends. Through our Adobe Digital Index report, we recently tracked Black Friday and Cyber Monday online sales. Our prediction came within 1% of the nearly $6.4 billion spent online, and 22% year-over-year growth versus 2013. Another interesting statistic was that over one-fourth of Thanksgiving Day and Black Friday online sales were transacted on a mobile device. Press coverage of our holiday reports was extensive across online, print and broadcast channels.

Adobe Marketing Cloud continued to be recognized as the leader in numerous industry analyst reports. This quarter, new recognition includes:

- We were named a leader in the first-ever Forrester Wave report evaluating the most significant marketing cloud vendors. Adobe Marketing Cloud was positioned highest in current offering, strategy and market presence; and

- Adobe Experience Manager was recognized as a Leader in the 2014 "Gartner Magic Quadrant for Web Content Management" report. Adobe was positioned highest in ability to execute and placed strongly in completeness of vision.

Our strong results in 2014 represent the collective efforts of our employees around the world. Creative Cloud has become the preeminent destination for millions of creatives, and we are delivering more value every day. The Fotolia acquisition gives us yet another opportunity to grow Creative Cloud revenue and tighten our bond with the creative community. Adobe Marketing Cloud continues to lead in the fast-growing digital marketing category and we are seeing strong partner and customer momentum. And we are shaping new opportunities for our document services business. All of this positions us well for another strong year in 2015.

Mark.
Our earnings report today covers both Q4 and fiscal year 2014 results.

### Fiscal Year 2014 Results

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<td><strong>Revenue</strong></td>
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<td><strong>EPS</strong></td>
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<td>GAAP</td>
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**Annual Financial Highlights**
- Exited FY14 with $2.60 billion Digital Media segment revenue and grew Digital Media ARR to $1.95 billion
- Achieved 3.45 million Creative Cloud Subscriptions
- Drove Adobe Marketing Cloud bookings above target of 50% annual growth
- Grew deferred revenue to a record $1.16 billion and unbilled backlog to approximately $3.74 billion
- Returned nearly $700 million in cash to stockholders through stock repurchase program

In FY14, Adobe achieved annual revenue of 4 billion 147 million dollars. GAAP EPS was 50 cents and non-GAAP EPS was $1.29. All of these results were well ahead of the annual targets we provided entering the year. These numbers are a result of strong execution against our strategy, and from some noteworthy achievements during the year:

- In FY14 we reported Digital Media segment revenue of $2.6 billion, ahead of our target of $2.5 billion that we communicated last December. More importantly, we built Digital Media ARR to a total of $1.95 billion exiting the year, which was nearly $100 million higher than the annual target we provided last year. Helping to drive this was 3.45 million Creative Cloud subscriptions exiting the year, more than 400,000 higher than the target we provided a year ago;
In Digital Marketing, we drove record Adobe Marketing Cloud bookings well above our target of 30% growth for the year. As we outlined in September, reported revenue for Adobe Marketing Cloud was impacted by the faster-than-anticipated transition of Adobe Experience Manager and Adobe Campaign to a subscription-based revenue model this year. Were it not for the quicker shift to ratable revenue, Adobe Marketing Cloud revenue would have grown 21%, above our original target of 20% annual revenue growth in the year;

Other annual financial highlights during the year include growing deferred revenue to a record $1.16 billion and increasing our unbilled backlog to approximately $1.74 billion exiting the year; together, this represents nearly $3 billion of contracted revenue that will be recognized over time; and

Returning nearly $700 million in cash to stockholders through our stock repurchase program.

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<th>Quarter Highlights</th>
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<td>• Drive strong adoption of Creative Cloud across all offerings</td>
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<td>• Grow Adobe Marketing Cloud bookings well ahead of our growth target</td>
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<td>• Managed expenses to deliver upside to earnings</td>
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<td>• Achieved $400 million in operating cash flow</td>
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<td>• Exited Q4 with 66% recurring revenue</td>
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In the fourth quarter of FY14, Adobe achieved revenue of 1 billion 73 million dollars, at the high end of our targeted range. GAAP diluted earnings per share in Q4 were 14 cents and non-GAAP diluted earnings per share were 36 cents.

Highlights in our fourth quarter include:

• Driving strong adoption of Creative Cloud across all offerings: individual, team and enterprise;

• Growing Adobe Marketing Cloud bookings well ahead of our target;

• Managing expenses to deliver up-side on earnings per share;
• Achieving $400 million in operating cash flow; and

• Exiting Q4 with 66% recurring revenue. In Q4 of last year, the percentage was 44% and in Q4 of fiscal 2012 it was 27%.

In Digital Media we achieved revenue of $649 million. This segment has two major components of revenue: our Creative family of products and our Document Services products.

In our Creative business, adoption of Creative Cloud accelerated significantly quarter-over-quarter. We exited Q4 with 3 million 454 thousand Creative Cloud subscriptions. Adoption across all Creative Cloud offerings grew quarter-on-quarter. Retention of Creative Cloud subscriptions, including renewals after promotional pricing expiration, continues to track ahead of our initial projections.

Average Revenue Per User, or ARPU, within each of our Creative Cloud offerings maintained steady levels consistent with results over the past year. Blended ARPU across all Creative Cloud offerings declined slightly as a result of the significant increase in new Single App subscriptions.

It is important to note that the unit mix between Creative Suites and individual point products in our perpetual offering was approximately 50/50. We are excited that adoption of Single Apps and the Creative Cloud Photography Plan is expanding our market opportunity. During this growth phase we fully anticipate the percentage of Single App subscriptions will continue to grow. This strategy is driving higher ARR and revenue, and creates the opportunity to drive even higher revenue through ARPU-enhancing services.
Adoption of Creative Cloud for teams accelerated in Q4, with momentum in both the channel as well as on Adobe.com. Our success with individual and team subscriptions, and Enterprise Term License Agreements or ETLAs, helped to drive Creative ARR to a total of $1.68 billion exiting Q4 at constant currency from December of 2013, an increase of $272 million quarter-over-quarter.

In Document Services, we achieved revenue of $197 million in Q4. Revenue declined slightly quarter-over-quarter, offset by strong growth in ARR. Strong adoption of Acrobat ETLAs, subscriptions, and cloud services including EchoSign helped to grow Document Services ARR to $271 million exiting Q4 at constant currency rates – a $54 million sequential increase versus Q3.

In our Digital Marketing segment, there are two components. The first is revenue from our Adobe Marketing Cloud offering, and our momentum as the leader in this market continued. We achieved revenue of $330 million in Q4. More importantly, we drove record bookings that put us ahead of our goal of 30% bookings growth for the year.
Our Adobe Marketing Cloud success is being driven by an increase in size of transactions, number of solutions per customer, international expansion and growth in partner-driven business. Adobe Analytics, Experience Manager, Campaign, Target and Media Optimizer all had strong bookings – which sets us up nicely for FY15.

The mix of Adobe Experience Manager and Campaign that was ratable versus perpetual revenue grew to approximately 75% for the year. As you recall, we explained in September our target for that mix entering the year was approximately 60%. Were it not for this incremental shift of approximately $60 million of revenue to ratable with these two solutions, we would have achieved 21% Marketing Cloud revenue growth for the year. The growth rate would have been greater than 25% for the year if no shift at all had occurred, and we are reiterating our 25% Marketing Cloud revenue CAGR.

The second component of our Digital Marketing segment is revenue from the LiveCycle and Connect businesses, which contributed $44 million in Q4 revenue, consistent with our expectations.

Print and Publishing segment revenue was $50 million in Q4.

Geographically, we experienced stable demand across our major geographies, and we saw increased adoption of Creative Cloud subscriptions in Japan. Asia as a percent of total revenue remains lower given Creative Cloud and Marketing Cloud adoption trails other geographies.
From a quarter-over-quarter currency perspective, FX decreased revenue by $11.7 million. We had $12.2 million in hedge gains in Q4 FY14, versus $1.1 million in hedge gains in Q3 FY14; thus the net sequential currency decrease to revenue considering hedging gains was $0.6 million.

From a year-over-year currency perspective, FX decreased revenue by $8.8 million. We had $12.2 million in hedge gains in Q4 FY14, versus $3.1 million in hedge gains in Q4 FY13; thus the net year-over-year currency increase to revenue considering hedging gains was $0.3 million.

In Q4, Adobe’s effective tax rate was 21% on both a GAAP and non-GAAP basis. The GAAP rate was lower than targeted primarily due to stronger-than-forecasted profits outside the U.S.

Employees at the end of Q4 totaled 12,499 versus 12,368 at the end of last quarter. Our trade DSO was 50 days, which compares to 52 days in the year-ago quarter, and 48 days last quarter.

Cash flow from operations was $400 million in the quarter. Our ending cash and short-term investment position was $3.74 billion, compared to $3.52 billion at the end of Q3.

In Q4 FY14, we repurchased approximately 1.8 million shares at a cost of $127 million. For the year, we repurchased 10.9 million shares at a total cost of $689 million.

Now, I would like to go over the acquisition announcement we made today, as well as provide our financial outlook.
Today we announced a definitive agreement to acquire privately-held Fotolia in an all-cash transaction of $800 million. We expect it to close in the second half of Q1, and add approximately $75 million in FY15 revenue, net of purchase accounting adjustments. We believe the transaction will be neutral to non-GAAP earnings in FY15, and accretive in FY16. At this time we cannot estimate the impact to earnings on a GAAP basis.

Fotolia is a U.S.-based company so we’re primarily using on-shore cash for the transaction. The bulk of their operations and business are in Europe, and we intend to invest in the business during the year to drive broader global adoption of their services, particularly in the U.S. We see significant synergies over time with Fotolia and our Creative Cloud offering, in what is a large and fast-growing market.

Turning to our financial outlook, the targets we are providing today reflect current currency rates, and exclude any benefit or impact from the announced acquisition of Fotolia.
We are happy to report we are either on track or are ahead of key long-term goals we set a year ago.

Consistent with our target of approximately 20% compound annual revenue growth between FY14 and FY16, we are targeting total revenue of approximately $4.85 billion in FY15. We expect GAAP earnings per share of $1.20, and non-GAAP earnings per share of $2.05 – which is ahead of the target we provided a year ago.

As we've mentioned before, we will adjust ARR on an annual basis to reflect any material FX changes. Our FY14 exiting Digital Media ARR of $1.947 billion was based on December 2013 FX rates. We've revalued that ARR amount based on December 2014 FX rates, and this has led to an updated ARR of $1.875 billion, which is approximately $72 million lower entering FY15.

In Digital Media, we remain on track to drive a revenue CAGR of 20% between FY14 and FY16, supported by strong growth in ARR and the subscription adoption we've driven. In FY15, we expect to grow ARR by greater than 50% from $1.875 billion to approximately $2.9 billion by year-end. We expect to grow total subscriptions by approximately 70% year-over-year and exit the year with approximately 5.9 million subscriptions. We also expect continued ETLA adoption during the year.

In Digital Marketing, we have strong momentum with Adobe Marketing Cloud bookings. We expect to continue to drive annual bookings growth of 30%, with annual reported revenue growth of approximately 25% in FY15. Both are consistent with our long-term targets.

During FY15, we anticipate revenue and earnings will grow sequentially every quarter during the year.

Given strong adoption in Q4 and normal seasonality in Q1, we expect net new Creative Cloud subscriptions will decline in Q1 when compared to the 644 thousand we added in Q4, and then grow sequentially in the second, third and fourth quarters. We expect Digital Media ARR to follow the same trend.

In Digital Media, we expect Creative revenue to grow significantly year-over-year. We are targeting Document Services revenue to grow slightly year-over-year. We also expect annual revenue for LiveCycle and Connect, and for Print and Publishing, to decline slightly year-over-year.
Quarterly Adobe Marketing Cloud bookings and reported revenue should also follow normal seasonality during the year.

In Q1 of FY15, we are targeting a revenue range of $1 billion 50 million to $1 billion 100 million. Again, this excludes the expected benefit of adding Fotolia during the quarter.

We expect Digital Media segment revenue to grow sequentially in Q1. Within Digital Media, we expect Creative revenue to grow sequentially, with Document Services revenue declining slightly.

In Digital Marketing, we are targeting Q1 Adobe Marketing Cloud revenue to decline on a sequential basis, and grow on a year-over-year basis.

We expect combined revenue with LiveCycle and Connect to decline sequentially; we also expect Print and Publishing segment revenue to decline.

We are targeting our Q1 share count to be 508 million to 510 million shares. We are targeting net non-operating expense to be between $12 million and $14 million on both a GAAP and non-GAAP basis. We are targeting a Q1 tax rate of 25% to 27% on a GAAP and 21% on a non-GAAP basis. These targets yield a Q1 GAAP earnings per share range of 14 cents to 20 cents per share, and a Q1 non-GAAP earnings per share range of 34 cents to 40 cents.

In summary, 2014 was a great year. With multiple growth opportunities and category-leading products, we are poised to see strong revenue and earnings growth in the coming years.

Mike.
Dates for our Digital Marketing Summit in Salt Lake City have been announced and registration is now open. The opening day keynote will be on the morning of Tuesday March 10th, and we are once again providing special pricing for financial analysts and investors to attend. We'll send out a formal invitation in January, but in the meantime if you'd like to register you can contact Adobe Investor Relations by emailing ir@adobe.com for registration information.

For those who wish to listen to a playback of today's conference call, a web-based archive of the call will be available on our IR site later today. Alternatively, you can listen to a phone replay by calling 855-859-2056; use conference ID #39655431. Again, the number is 855-859-2056 with ID #39655431. International callers should dial 404-537-3406. The phone playback service will be available beginning at 5pm Pacific Time today, and ending at 10am Pacific Time on Tuesday December 16th, 2014.

We would now be happy to take your questions. Operator.