

ADOBE SYSTEMS INC
Form 10-Q
April 03, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 27, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-15175

ADOBE SYSTEMS INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0019522
(I.R.S. Employer
Identification No.)

345 Park Avenue, San Jose, California 95110-2704
(Address of principal executive offices and zip code)

(408) 536-6000
(Registrant's telephone number, including area code)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 (the "Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
(Do not check if a company
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes No

The number of shares outstanding of the registrant's common stock as of March 27, 2009 was 523,737,172.

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ADOBE SYSTEMS INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

	February 27, 2009	November 28, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,148,925	\$ 886,450
Short-term investments	1,234,769	1,132,752
Trade receivables, net of allowances for doubtful accounts of \$5,796 and \$4,128, respectively	300,048	467,234
Deferred income taxes	81,125	110,713
Prepaid expenses and other assets	104,124	137,954
Total current assets	2,868,991	2,735,103
Property and equipment, net	300,376	313,037
Goodwill	2,132,375	2,134,730
Purchased and other intangibles, net	181,468	214,960
Investment in lease receivable	207,239	207,239
Other assets	197,147	216,529
Total assets	\$ 5,887,596	\$ 5,821,598
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	\$ 41,416	\$ 55,840
Accrued expenses	345,677	399,969
Accrued restructuring	18,352	35,690
Income taxes payable	33,107	27,136
Deferred revenue	198,313	243,964
Total current liabilities	636,865	762,599
Long-term liabilities:		
Debt	350,000	350,000
Deferred revenue	26,973	31,356
Accrued restructuring	6,995	6,214
Income taxes payable	120,289	123,182
Deferred income taxes	114,603	117,328
Other liabilities	20,711	20,565
Total liabilities	1,276,436	1,411,244
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 2,000 shares authorized, none issued	—	—

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Common stock, \$0.0001 par value; 900,000 shares authorized; 600,834 shares issued; 524,095 and 526,111 shares outstanding, respectively	61	61
Additional paid-in-capital	2,352,383	2,396,819
Retained earnings	5,069,840	4,913,406
Accumulated other comprehensive income	25,095	57,222
Treasury stock, at cost (76,739 and 74,723 shares, respectively), net of reissuances	(2,836,219)	(2,957,154)
Total stockholders' equity	4,611,160	4,410,354
Total liabilities and stockholders' equity	\$ 5,887,596	\$ 5,821,598

See accompanying Notes to Condensed Consolidated Financial Statements.

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ADOBE SYSTEMS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended	
	February	February
	27,	29,
	2009	2008
Revenue:		
Products	\$ 742,199	\$ 851,962
Services and support	44,191	38,483
Total revenue	786,390	890,445
Total cost of revenue:		
Products	58,918	59,805
Services and support	18,435	22,670
Total cost of revenue	77,353	82,475
Gross profit	709,037	807,970