ADOBE SYSTEMS INC
Form S-4
June 28, 2005

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As filed with the Securities and Exchange Commission on June 28, 2005

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

ADOBE SYSTEMS INCORPORATED

(Exact name of Registrant as specified in its charter)

Delaware	**7372**	**77-0019522**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

345 Park Avenue
San Jose, California 95110
(408) 536-6000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Karen O. Cottle, Esq.
Senior Vice President, General Counsel and Secretary
Adobe Systems Incorporated
345 Park Avenue
San Jose, California 95110
(408) 536-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Eric C. Jensen, Esq. **Keith A. Flaum, Esq.** **John T. McKenna, Esq.** **Cooley Godward LLP** **Five Palo Alto Square** **3000 El Camino Real** **Palo Alto, California 94306** **(650) 843-5000**	**Stuart A. Fagin, Esq.** **Adobe Systems Incorporated** **345 Park Avenue** **San Jose, California 95110** **(408) 536-6000**	**Elizabeth A. Nelson** **Clint N. Smith, Esq.** **Macromedia, Inc.** **601 Townsend Street** **San Francisco, California 94103** **(415) 832-2000**	**Gordon K. Davidson, Esq.** **Douglas N. Cogen, Esq.** **Robert A. Freedman, Esq.** **R. Gregory Roussel, Esq.** **Fenwick & West LLP** **801 California Street** **Mountain View, California 94041** **(650) 988-8500**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common stock, $0.0001 par value per share, and the associated preferred stock purchase rights(3)	124,730,661	N/A	$3,511,439,262	$413,297

(1) This registration statement relates to common stock, $0.0001 par value per share, of Adobe Systems Incorporated ("Adobe") issuable to holders of common stock, $0.001 par value per share, of Macromedia, Inc., a Delaware corporation ("Macromedia"), in the proposed merger of Avner Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Adobe, with and into Macromedia. The amount of Adobe common stock to be registered has been determined by multiplying (A) the exchange ratio (1.38 shares of Adobe common stock for each share of Macromedia common stock, which exchange ratio gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005) by (B) 90,384,537, the maximum number of shares of Macromedia common stock that may be cancelled in the merger (the sum of (i) 75,848,561 shares of Macromedia common stock outstanding as of June 27, 2005, (ii) 12,380,224 shares of Macromedia common stock issuable upon the exercise of outstanding options as of June 27, 2005 (whether or not currently exercisable), (iii) 600,000 shares of Macromedia common stock issuable upon the exercise of purchase rights under Macromedia's 2003 Employee Stock Purchase Plan as of June 27, 2005 and (iv) 1,555,752 shares of Macromedia common stock that may become issuable upon the exercise of options to be issued prior to the effective time of the merger (whether or not then exercisable)).

(2) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f) of the Securities Act of 1933, as amended, based upon the product of: (A) 90,384,537, the maximum number of shares of Macromedia common stock that may be cancelled in the merger, multiplied by (B) $38.85, the average of the high and low sale prices for shares of Macromedia common stock as reported on the NASDAQ National Market on June 27, 2005.

(3) The preferred stock purchase rights, which are attached to the shares of Adobe common stock being registered hereunder, will be issued for no additional consideration. Accordingly, no additional registration fee is required.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. Adobe may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated June 28, 2005

SPECIAL MEETINGS OF STOCKHOLDERS
MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Adobe Systems Incorporated and Macromedia, Inc. have unanimously approved a merger combining Adobe and Macromedia.

If the merger is consummated, holders of Macromedia common stock will receive 1.38 shares of Adobe common stock for each share of Macromedia common stock they own (which exchange ratio gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005). This is a fixed exchange ratio that will not be adjusted for changes in the stock price of either company before the merger is consummated. Adobe common stock is listed on the NASDAQ National Market under the symbol "ADBE." On , 2005, the last trading day before the date of this joint proxy statement/prospectus, the closing price of Adobe common stock was $ per share. Macromedia common stock is listed on the NASDAQ National Market under the symbol "MACR."

Stockholders of Adobe will be asked, at Adobe's special meeting of stockholders, to approve the issuance of shares of Adobe common stock to the stockholders of Macromedia in the merger. Stockholders of Macromedia will be asked, at Macromedia's special meeting of stockholders, to adopt the merger agreement.

The dates, times and places of the special meetings are as follows:

For Adobe stockholders:	For Macromedia stockholders:
, 2005	, 2005
p.m., local time	p.m., local time
Adobe Systems Incorporated	Macromedia, Inc.
345 Park Avenue	601 Townsend Street
San Jose, California 95110	San Francisco, California 94103

This joint proxy statement/prospectus provides you with information about Adobe, Macromedia and the proposed merger. You may obtain other information about Adobe and Macromedia from documents filed with the Securities and Exchange Commission. We encourage you to read the entire joint proxy statement/prospectus carefully.

Bruce R. Chizen	Stephen A. Elop
Chief Executive Officer	Chief Executive Officer
Adobe Systems Incorporated	Macromedia, Inc.

FOR A DISCUSSION OF SIGNIFICANT MATTERS THAT SHOULD BE CONSIDERED BEFORE VOTING AT THE SPECIAL MEETINGS, SEE "RISK FACTORS" BEGINNING ON PAGE 21.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORS HAVE APPROVED OR DISAPPROVED THE ADOBE COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED WHETHER THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated , 2005, and is first being mailed to stockholders of Adobe and Macromedia on or about , 2005.

ADOBE SYSTEMS INCORPORATED

345 Park Avenue
San Jose, California 95110
(408) 536-6000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON , 2005

To the Stockholders of Adobe Systems Incorporated:

On behalf of the board of directors of Adobe Systems Incorporated, a Delaware corporation, we are pleased to deliver this joint proxy statement/prospectus for the proposed merger combining Adobe and Macromedia, Inc., a Delaware corporation. A special meeting of stockholders of Adobe will be held on , , 2005 at p.m., local time, at the principal executive offices of Adobe located at 345 Park Avenue, San Jose, California 95110, for the following purposes:

1. To consider and vote upon the issuance of shares of Adobe common stock in the merger contemplated by the Agreement and Plan of Merger and Reorganization, dated as of April 17, 2005, among Adobe, Avner Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Adobe, and Macromedia, Inc.

2. To consider and vote upon an adjournment of the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Adobe has fixed , 2005 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Adobe common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. At the close of business on the record date, Adobe had outstanding and entitled to vote shares of common stock.

Your vote is important. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Adobe special meeting is required for approval of each of Proposal No. 1 regarding the issuance of shares of Adobe common stock in the merger and Proposal No. 2 regarding an adjournment of the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy card or vote by telephone or by using the Internet as instructed on the enclosed proxy card, and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the issuance of shares of Adobe common stock in the merger and an adjournment of the Adobe special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. If you fail to return your proxy card or vote by telephone or by using the Internet, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you do attend the Adobe special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors,

Bruce R. Chizen
Chief Executive Officer

San Jose, California
, 2005

ADOBE'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE ISSUANCE OF SHARES OF ADOBE COMMON STOCK IN THE MERGER IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, ADOBE AND ITS STOCKHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT ADOBE STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 1 AND "FOR" PROPOSAL NO. 2.

MACROMEDIA, INC.

601 Townsend Street
San Francisco, California 94103
(415) 832-2000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON , 2005

To the Stockholders of Macromedia, Inc.:

On behalf of the board of directors of Macromedia, Inc., a Delaware corporation, we are pleased to deliver this joint proxy statement/prospectus for the proposed merger combining Adobe Systems Incorporated, a Delaware corporation, and Macromedia. A special meeting of stockholders of Macromedia will be held on , , 2005 at p.m., local time, at the principal executive offices of Macromedia located at 601 Townsend Street, San Francisco, California 94103, for the following purposes:

1. To consider and vote upon the adoption of the Agreement and Plan of Merger and Reorganization, dated as of April 17, 2005, by and among Adobe Systems Incorporated, Avner Acquisition Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Adobe, and Macromedia.

2. To consider and vote upon an adjournment of the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Macromedia has fixed , 2005 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Macromedia common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. At the close of business on the record date, Macromedia had outstanding and entitled to vote shares of common stock.

Your vote is important. The affirmative vote of the holders of a majority of the voting power of the shares of Macromedia common stock outstanding on the record date for the Macromedia special meeting is required for approval of Proposal No. 1 regarding adoption of the merger agreement. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Macromedia special meeting is required to approve Proposal No. 2 regarding an adjournment of the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. Even if you plan to attend the special meeting in person, we request that you sign and return the enclosed proxy card or vote by telephone or by using the Internet as instructed on the enclosed proxy card and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the adoption of the merger agreement and an adjournment of the Macromedia special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. If you fail to return your proxy card or vote by telephone or by using the Internet, the effect will be a vote against the adoption of the merger agreement and your shares will not be counted for purposes of determining whether a quorum is present at the Macromedia special meeting. If you do attend the Macromedia special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

Please do not send any certificates representing your Macromedia common stock at this time.

By Order of the Board of Directors,

Stephen A. Elop
Chief Executive Officer

San Francisco, California
, 2005

MACROMEDIA'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE MERGER IS ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, MACROMEDIA AND ITS STOCKHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT MACROMEDIA STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 1 AND "FOR" PROPOSAL NO. 2.

ADDITIONAL INFORMATION

This joint proxy statement/prospectus "incorporates by reference" important business and financial information about Adobe and Macromedia from documents that are not included in or delivered with this joint proxy statement/prospectus. For a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" on page 138.

If you are a stockholder, you may have received some of the documents incorporated by reference. You may also obtain any of those documents from the appropriate company, the Securities and Exchange Commission, or the SEC, or the SEC's Internet web site at http://www.sec.gov. Documents incorporated by reference in this joint proxy statement/prospectus are available from the appropriate company without charge, excluding all exhibits unless specifically incorporated by reference in such documents. Stockholders may obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses:

Adobe Systems Incorporated
Attn: Investor Relations
345 Park Avenue
San Jose, California 95110
Telephone: (408) 536-4416
E-mail: ir@adobe.com

Macromedia, Inc.
Attn: Investor Relations
601 Townsend Street
San Francisco, California 94103
Telephone: (415) 832-5995
E-mail: ir@macromedia.com

If you would like to request documents, please do so by , 2005 to receive them before the special meetings. If you request any incorporated documents, the appropriate company will strive to mail them to you by first-class mail, or other equally prompt means, within one business day of receipt of your request.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Unless specifically stated otherwise, the following information and all other information contained in this joint proxy statement/prospectus, including that regarding the exchange ratio pursuant to the merger agreement, gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Q: What is the merger?

A:

Adobe and Macromedia have entered into an Agreement and Plan of Merger and Reorganization, dated April 17, 2005, which is referred to in this joint proxy statement/prospectus as the merger agreement, that contains the terms and conditions of the proposed business combination of Adobe and Macromedia. Under the merger agreement, Macromedia and Avner Acquisition Sub, Inc., a wholly owned subsidiary of Adobe, will merge, with Macromedia surviving as a wholly owned subsidiary of Adobe, which transaction is referred to as the merger. The shares of Adobe common stock issued to Macromedia stockholders in connection with the merger are expected to represent approximately 17.5% of the outstanding shares of Adobe common stock immediately following the consummation of the merger, based on the number of shares of Adobe common stock and Macromedia common stock outstanding on June 1, 2005, assuming that no Macromedia or Adobe stock options are exercised after June 1, 2005 and prior to the effective time of the merger. For a more complete description of the merger, please see the section entitled "Adobe Proposal No. 1 and Macromedia Proposal No. 1 The Merger" on page 43 of this joint proxy statement/prospectus.

Q: Why are the two companies proposing to merge?

A:

Adobe's mission has always been to help people and businesses communicate better. Macromedia's mission has been to provide a rich media experience. Together, we share a vision for the future and with the combination of the two companies our products, technologies and people we hope to enable the creation and delivery of compelling content and experiences across multiple operating systems, devices and media. Both companies have great opportunities ahead of them and believe that together, they will be better able to achieve their combined vision with significant synergy. For a discussion of our reasons for the merger, we urge you to read the information in the section entitled "Adobe Proposal No. 1 and Macromedia Proposal No. 1 The Merger Reasons for the Merger" on page 47 of this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

A:

You are receiving this joint proxy statement/prospectus because you have been identified as a stockholder of either Adobe or Macromedia, and thus you are entitled to vote at such company's special meeting. This document serves as both a joint proxy statement of Adobe and Macromedia, used to solicit proxies for the special meetings, and as a prospectus of Adobe, used to offer shares of Adobe common stock in exchange for shares of Macromedia common stock pursuant to the terms of the merger agreement. This document contains important information about the merger and the special meetings of Adobe and Macromedia, and you should read it carefully.

Q: What is required to consummate the merger?

A:

To consummate the merger, Adobe stockholders must approve the issuance of shares of Adobe common stock in the merger, which approval requires the affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Adobe special meeting. In addition, Macromedia stockholders must adopt the merger agreement, which adoption requires the affirmative vote of the holders of a majority of the voting power of the shares of Macromedia common stock outstanding on the record date for the Macromedia special meeting. In addition to the receipt of stockholder approval and appropriate regulatory approvals, including antitrust clearance, each of the other closing conditions set forth in the merger agreement must be satisfied or waived. For a more complete description of the closing conditions under the merger agreement, we urge you to read the section entitled "The Merger Agreement Conditions to the Merger" on page 99 of this joint proxy statement/prospectus and the merger agreement attached to this joint proxy statement/prospectus as Annex A.

Q: What will Macromedia stockholders receive in the merger?

A:

As a result of the merger, Macromedia stockholders will receive 1.38 shares of Adobe common stock for each share of Macromedia common stock they own. For example, if you own 100 shares of Macromedia common stock, you will receive 138 shares of Adobe common stock in exchange for your Macromedia shares. The number of shares of Adobe common stock to be issued for each share of Macromedia common stock is fixed and will not be adjusted based upon changes in the value of Macromedia common stock or Adobe common stock. As a result, the value of the Adobe shares you will receive in the merger will not be known before the merger, and will go up or down as the market price of Adobe common stock goes up or down. We encourage you to obtain current market quotations of Macromedia common stock and Adobe common stock. For a more complete description of what Macromedia stockholders will receive in the merger, please see the section entitled "The Merger Agreement Manner and Basis of Converting Shares" on page 86 of this joint proxy statement/prospectus.

Q: What will Macromedia option holders receive in the merger?

A:

Subject to certain exceptions, at the effective time of the merger, each Macromedia stock option that is outstanding and unexercised immediately prior to the effective time will be converted into an option to purchase Adobe common stock and Adobe will assume that stock option (or will replace that stock option by issuing a materially equivalent replacement stock option to purchase Adobe common stock) in accordance with the terms of the applicable Macromedia stock option plan and terms of the stock option agreement relating to that Macromedia stock option. For more information, please see "The Merger Agreement Macromedia Stock Options" on page 92.

Q: What are the material federal income tax consequences of the merger to me?

A:

The merger has been structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and it is a closing condition to the merger that Adobe and Macromedia receive opinions of their respective counsel regarding such qualification. As a result of the merger's anticipated qualification as a reorganization, Macromedia stockholders will not recognize gain or loss for United States federal income tax purposes upon the exchange of shares of Macromedia common stock for shares of Adobe common stock, except with respect to cash received in lieu of fractional shares of Adobe common stock.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

For more information, please see the section entitled "Adobe Proposal No. 1 and Macromedia Proposal No. 1 The Merger Material Federal Income Tax Consequences" on page 82 of this joint proxy statement/prospectus.

Q: How does Adobe's board of directors recommend that I vote?

A:

After careful consideration, Adobe's board of directors unanimously recommends that Adobe stockholders vote "FOR" Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger and "FOR" Proposal No. 2 to adjourn the Adobe special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. For a description of the reasons underlying the recommendations of Adobe's board, see the sections entitled "Adobe Proposal No. 1 and Macromedia Proposal No. 1 The Merger Mutual Reasons for the Merger" on page 48 and " Adobe's Reasons for the Merger" on page 49, and the section entitled "Adobe Proposal No. 2 Possible Adjournment of the Special Meeting" on page 109.

Q: How does Macromedia's board of directors recommend that I vote?

A:

After careful consideration, Macromedia's board of directors unanimously recommends that the Macromedia stockholders vote "FOR" Proposal No. 1 to adopt the merger agreement and "FOR" Proposal No. 2 to adjourn the Macromedia special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1. For a description of the reasons underlying the recommendations of Macromedia's board, see the sections entitled "Adobe Proposal No. 1 and Macromedia Proposal No. 1 The Merger Mutual Reasons for the Merger" on page 48 and " Macromedia's Reasons for the Merger" on page 51, and the section entitled "Macromedia Proposal No. 2 Possible Adjournment of the Special Meeting" on page 110.

Q: What risks should I consider in deciding whether to vote in favor of the share issuance or the adoption of the merger agreement?

A:

You should carefully review the section of this joint proxy statement/prospectus entitled "Risk Factors" beginning on page 21, which presents risks and uncertainties related to the merger, Adobe and Macromedia.

Q: When do you expect the merger to be consummated?

A:

We anticipate that the consummation of the merger will occur in Fall 2005, but we cannot predict the exact timing. For more information, please see the section entitled "The Merger Agreement Conditions to the Merger" on page 99.

Q: What do I need to do now?

A:

We urge you to read this joint proxy statement/prospectus carefully, including its annexes, and to consider how the merger affects you. You may provide your proxy instructions in three different ways. First, you can mail your signed proxy card in the enclosed return envelope. Alternatively, you can provide your proxy instructions via the toll-free call center set up for this purpose at (800) 454-8683. Finally, you can provide your proxy instructions via the Internet at www.proxyvote.com. Please provide your proxy instructions only once and as soon as possible so that your shares can be voted at the special meeting of Adobe stockholders or special meeting of Macromedia stockholders, as applicable.

Q: What happens if I do not return a proxy card or otherwise provide proxy instructions?

A:

If you are an Adobe stockholder, the failure to return your proxy card or otherwise provide proxy instructions could be a factor in establishing a quorum for the special meeting of Adobe stockholders, which is required to transact business at the meeting. If you are a Macromedia stockholder, the failure to return your proxy card or otherwise provide proxy instructions will have the same effect as voting against the adoption of the merger agreement and could be a factor in establishing a quorum for the special meeting of Macromedia stockholders, which is required to transact business at the meeting.

Q: May I vote in person?

A:

If your shares of Adobe common stock or Macromedia common stock are registered directly in your name with Adobe's or Macromedia's transfer agent, respectively, you are considered, with respect to those shares, the stockholder of record, and the proxy materials and proxy card are being sent directly to you by Adobe or Macromedia, respectively. If you are an Adobe stockholder of record, you may attend the special meeting of Adobe stockholders to be held on , 2005 and vote your shares in person, rather than signing and returning your proxy card or otherwise providing proxy instructions. If you are a Macromedia stockholder of record, you may attend the special meeting of Macromedia stockholders to be held on , 2005 and vote your shares in person, rather than signing and returning your proxy card or otherwise providing proxy instructions.

If your shares of Adobe common stock or Macromedia common stock are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and the proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you are also invited to attend the special meeting of Adobe stockholders or the special meeting of Macromedia stockholders, respectively. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the applicable special meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A:

Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedure provided by your broker.

Q: May I change my vote after I have provided proxy instructions?

A:

Yes. You may change your vote at any time before your proxy is voted at the Adobe or Macromedia special meeting, as applicable. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can submit new proxy instructions either on a new proxy card, by telephone or via the Internet. Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

Q: Should I send in my stock certificates now?

A:

No. If you are a Macromedia stockholder, after the merger is consummated, you will receive written instructions from the exchange agent explaining how to exchange your stock certificates representing shares of Macromedia common stock for certificates representing shares of Adobe common stock. You will also receive a cash payment in lieu of any fractional share of Adobe common stock. Adobe stockholders will not exchange their stock certificates.

Q: Am I entitled to appraisal rights?

A:

Under Delaware corporate law, holders of Macromedia common stock are not entitled to appraisal rights in connection with the merger because both Adobe common stock and Macromedia common stock are listed on the NASDAQ National Market. Under Delaware corporate law, Adobe stockholders are not entitled to appraisal rights in connection with the merger.

Q: Who is paying for this proxy solicitation?

A:

Adobe and Macromedia are conducting this proxy solicitation and will bear the cost of soliciting proxies, including the preparation, assembly, printing and mailing of this joint proxy statement/prospectus, the proxy card and any additional information furnished to stockholders. Adobe has engaged the services of Innisfree M&A Incorporated to distribute proxy solicitation materials to brokers, banks and other nominees and to assist in the solicitation of proxies from Adobe stockholders. Macromedia has retained The Altman Group, Inc. to aid in Macromedia's proxy solicitation process. Adobe estimates that its proxy solicitor fees will be approximately $15,000 and Macromedia estimates that its proxy solicitor fees will be approximately $3,500. Adobe and Macromedia may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their costs of forwarding proxy and solicitation materials to beneficial owners.

Q: Who can help answer my questions?

A:

If you are an Adobe stockholder, and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Adobe Systems Incorporated
Attn: Investor Relations
345 Park Avenue
San Jose, California 95110
Telephone: (408) 536-4416
E-mail: ir@adobe.com

OR

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Telephone: (212) 750-5833

If you are a Macromedia stockholder, and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Macromedia, Inc.
Attn: Investor Relations
601 Townsend Street
San Francisco, California 94103
Telephone: (415) 832-5995
E-mail: ir@macromedia.com

OR

The Altman Group, Inc.
1275 Valley Brook Avenue
Lyndhurst, New Jersey 07071
Telephone: (201) 460-1200

SUMMARY

This summary highlights selected information from this document. To understand the merger fully, you should read carefully this entire document and the documents to which we refer. See "Where You Can Find More Information" on page 138. The merger agreement is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the merger agreement as it is the legal document that governs the merger. We have included page references in parentheses to direct you to a more detailed description of the topics presented in this summary.

Unless specifically stated otherwise, the following information and all other information contained in this joint proxy statement/prospectus, including that regarding the exchange ratio pursuant to the merger agreement, gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Comparative Per Share Market Price Information

Adobe common stock and Macromedia common stock are listed on the NASDAQ National Market under the symbols "ADBE" and "MACR," respectively. On April 15, 2005, the last full trading day prior to the public announcement of the proposed merger, Adobe common stock closed at $30.33 and Macromedia common stock closed at $33.45. On , 2005, Adobe common stock closed at $ and Macromedia common stock closed at $.

The Companies (Page 36)

Adobe Systems Incorporated
345 Park Avenue
San Jose, California 95110
(408) 536-6000

Adobe offers a line of software and services for consumers, creative professionals and enterprises, in both the public and private sectors. Adobe's products are digital imaging, design and document technology platforms which enable customers to create, manage and deliver visually rich, compelling and reliable content.

Avner Acquisition Sub, Inc. is a wholly owned subsidiary of Adobe that was incorporated in Delaware in April 2005. Avner Acquisition Sub does not engage in any operations and exists solely to facilitate the merger.

Macromedia, Inc.
601 Townsend Street
San Francisco, California 94103
(415) 832-2000

Macromedia is an independent software company providing software that empowers designers, developers and business users to create and deliver effective user experiences on the Internet, fixed media and wireless and digital devices. Macromedia's integrated family of technologies enables the development of a wide range of Internet and mobile application solutions.

The Special Meetings

The Adobe Special Meeting (Page 37)

Time, Date and Place. A special meeting of the stockholders of Adobe will be held on , , 2005, at the principal executive offices of Adobe located at 345 Park Avenue, San Jose, California 95110 at p.m., local time, to vote on Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger and Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

Record Date and Voting Power for Adobe. You are entitled to vote at the Adobe special meeting if you owned shares of Adobe common stock at the close of business on , 2005, the record date for the Adobe special meeting. You will have one vote at the special meeting for each share of Adobe common stock you owned at the close of business on the record date. There are shares of Adobe common stock entitled to be voted at the special meeting.

Adobe Required Vote. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Adobe special meeting is required for approval of each of Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger and Proposal No. 2 to adjourn the Adobe special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

Share Ownership of Management. As of , 2005, the directors and executive officers of Adobe beneficially held approximately % of the shares entitled to vote at the Adobe special meeting. A director and certain executive officers of Adobe have agreed to vote their shares in favor of the issuance of shares of Adobe common stock in the merger.

The Macromedia Special Meeting (Page 40)

Time, Date and Place. A special meeting of the stockholders of Macromedia will be held on , , 2005, at the principal executive offices of Macromedia located at 601 Townsend Street, San Francisco, California 94103, at p.m. local time, to vote on Proposal No. 1 to adopt the merger agreement and Proposal No. 2 to adjourn the Macromedia special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

Record Date and Voting Power for Macromedia. You are entitled to vote at the Macromedia special meeting if you owned shares of Macromedia common stock at the close of business on , 2005, the record date for the special meeting. You will have one vote at the special meeting for each share of Macromedia common stock you owned at the close of business on the record date. There are shares of Macromedia common stock entitled to be voted at the Macromedia special meeting.

Macromedia Required Vote. The affirmative vote of the holders of a majority of the voting power of the shares of Macromedia common stock outstanding on the record date for the Macromedia special meeting is required to approve Proposal No. 1 to adopt the merger agreement. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Macromedia special meeting is required to approve Proposal No. 2 to adjourn the Macromedia special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

Share Ownership of Management. As of , 2005, the directors and executive officers of Macromedia beneficially held approximately % of the shares entitled to vote at the Macromedia special meeting. Certain directors and executive officers of Macromedia have agreed to vote their shares in favor of the adoption of the merger agreement.

Recommendations to Stockholders

To Adobe Stockholders (Page 37). The Adobe board of directors has unanimously determined and believes that the issuance of shares of Adobe common stock in the merger is advisable to, and in the best interests of, Adobe and its stockholders. The Adobe board of directors unanimously recommends that the holders of Adobe common stock vote "FOR" Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger and "FOR" Proposal No. 2 to adjourn the Adobe special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

To Macromedia Stockholders (Page 40). The Macromedia board of directors has unanimously determined and believes that the merger is advisable and fair to, and in the best interests of, Macromedia and its stockholders. The Macromedia board of directors unanimously recommends that the holders of Macromedia common stock vote "FOR" Proposal No. 1 to adopt the merger agreement and "FOR" Proposal No. 2 to adjourn the Macromedia special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1.

The Merger (Page 86)

In the merger, Avner Acquisition Sub, Inc., a wholly owned subsidiary of Adobe, will merge with and into Macromedia, and Macromedia will become a wholly owned subsidiary of Adobe. Holders of Macromedia common stock and options will become holders of Adobe common stock and options, respectively, following the merger. The shares of Adobe common stock issued to Macromedia stockholders in connection with the merger are expected to represent approximately 17.5% of the outstanding shares of Adobe common stock immediately following the consummation of the merger, based on the number of shares of Adobe common stock and Macromedia common stock outstanding on June 1, 2005, assuming that no Macromedia or Adobe stock options are exercised after June 1, 2005 and prior to the effective time of the merger.

Manner and Basis of Converting Shares (Page 86)

If you are a Macromedia stockholder, you will receive 1.38 shares of Adobe common stock in exchange for each share of Macromedia common stock you own. The exchange ratio is fixed and, regardless of fluctuations in the market price of Adobe's or Macromedia's common stock, will not change between now and the date the merger is consummated, subject to any adjustments for changes in the number of outstanding shares of Adobe or Macromedia by reason of future stock splits, division of shares, stock dividends or other similar transactions.

Treatment of Stock Options (Page 92)

The merger agreement provides that, subject to certain exceptions, at the effective time of the merger, each Macromedia stock option that is outstanding and unexercised immediately prior to the effective time will be converted into an option to purchase Adobe common stock and Adobe will assume that stock option (or will replace that stock option by issuing a materially equivalent replacement stock option to purchase Adobe common stock) in accordance with the terms of the applicable Macromedia stock option plan and terms of the stock option agreement relating to that Macromedia stock option.

Risks Relating to the Merger (Page 21)

In evaluating the merger agreement or the issuance of shares of Adobe common stock in the merger, you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors Risks Relating to the Merger" on page 21.

Reasons for the Merger

Mutual Reasons (Page 48). Adobe and Macromedia believe that the two companies together can meet more of our customers' needs by integrating our products and technologies to help our customers communicate better. We believe that combined company has the opportunity to define a robust technology platform that delivers compelling, rich content across a wide range of devices and operating systems. Moreover, we believe that the software industry is in a period of consolidation and that there is a developing trend for customers to source a larger portion of their software needs from a smaller number of suppliers. We believe that the combined company will have the scale to better compete in this environment.

Adobe's Reasons (Page 49). The Adobe board of directors approved the merger based on a number of factors, including, among other factors, the following:

- the complementary nature of Adobe's and Macromedia's product lines;
- the potential opportunity for the two companies to integrate their software solutions to meet a wider set of customer needs and to combine their technological resources to develop new products with increased functionality and bring them to market faster;
- the board's and management's assessment that the merger and Macromedia's operating strategy are consistent with Adobe's long-term operating strategy to grow into new markets, particularly in the non-PC device and enterprise segments;
- the competitive and market environments in which Adobe and Macromedia operate, including Microsoft's position in those environments, and the potential for the merger to enhance Adobe's ability to compete effectively in those environments; and
- the opinion of Adobe's financial advisor that, as of April 17, 2005 and based on and subject to the factors and assumptions set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair to Adobe from a financial point of view.

Macromedia's Reasons (Page 51). The Macromedia board of directors approved the merger based on a number of factors, including, among other factors, the following:

- the complementary nature of Adobe's and Macromedia's product lines;
- the potential opportunity for the two companies to combine their technological resources to develop new products with increased functionality and bring them to market faster;
- the potential availability of greater resources for product marketing and distribution;
- the board's and management's assessment that the merger and Adobe's operating strategy are consistent with Macromedia's long-term operating strategy to grow its business by expanding the scope, platform coverage and depth and breadth of product offerings;
- the importance of scale in the increasingly competitive market environments in which Macromedia and Adobe operate, and the potential for the merger to enhance Macromedia's ability to compete effectively in those environments;
- providing Macromedia stockholders with shares of Adobe common stock in a tax-free exchange at a premium over the market price for Macromedia common stock prior to the announcement of the merger; and
- the opinion of Macromedia's financial advisor that, as of April 17, 2005 and based on and subject to the assumptions, qualifications and limitations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to holders of shares of Macromedia common stock.

Opinions of Financial Advisors

Opinion of Adobe's Financial Advisor (Page 53). Goldman, Sachs & Co. delivered its opinion to Adobe's board of directors that, as of April 17, 2005 and based on and subject to the factors and assumptions set forth therein, the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair to Adobe from a financial point of view. The exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

The full text of the written opinion of Goldman Sachs, dated April 17, 2005, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D. Goldman Sachs provided its opinion for the information and assistance of Adobe's board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Adobe common stock should vote with respect to the issuance of shares of Adobe common stock in the merger. **Adobe urges you to read the entire opinion carefully.**

Opinion of Macromedia's Financial Advisor (Page 61). Morgan Stanley & Co. Incorporated delivered its opinion to Macromedia's board of directors that, as of April 17, 2005 and based upon and subject to the assumptions, qualifications and limitations set forth therein, the exchange ratio of 0.69 of a share of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair from a financial point of view to the stockholders of Macromedia. The exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

The full text of the written opinion of Morgan Stanley & Co. Incorporated, dated April 17, 2005, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex E. Morgan Stanley provided its opinion for the information and assistance of Macromedia's board of directors in consideration of the merger and the merger agreement. The Morgan Stanley opinion is not a recommendation as to how any holder of Macromedia common stock should vote with respect to the adoption of the merger agreement. **Macromedia urges you to read the entire opinion carefully.**

Interests of Macromedia's Executive Officers and Directors in the Merger (Page 73)

When considering the recommendations by the Macromedia board of directors, you should be aware that a number of Macromedia's executive officers and directors have interests in the merger that are different from those of other Macromedia stockholders.

Restrictions on Resales (Page 85)

The merger agreement provides that Macromedia will use commercially reasonable efforts to obtain a signed affiliate agreement from each person who may be deemed to be an affiliate of Macromedia. The merger agreement provides that Adobe will not issue shares of Adobe common stock to any "affiliate" of Macromedia who has not provided Adobe with a signed affiliate agreement. The affiliate agreements provide, among other things, that these persons will not sell, transfer or otherwise dispose of their shares of Adobe common stock received in the merger unless they do so in compliance with securities laws governing sales by affiliates.

Limitation on the Solicitation, Negotiation and Discussion by Macromedia of Other Acquisition Proposals (Page 96)

Macromedia has agreed to a number of limitations with respect to soliciting, negotiating and discussing acquisition proposals involving persons other than Adobe, and to certain related matters.

Change of Board Recommendation (Page 94)

Subject to limited conditions, the board of directors of Macromedia or Adobe may withdraw or modify its recommendation in support of the adoption of the merger agreement or the issuance of shares of Adobe common stock in the merger, as the case may be. In the event that the board of directors of either company withdraws or modifies its recommendation in a manner adverse to the other company, the company whose board of directors withdrew or modified its recommendation may be required to pay a termination fee of $103.2 million to the other company.

Conditions to the Merger (Page 99)

The respective obligations of Adobe and Macromedia to consummate the merger are subject to the satisfaction of certain conditions.

Termination of the Merger Agreement (Page 101)

Either Adobe or Macromedia can terminate the merger agreement under certain circumstances, which would prevent the merger from being consummated.

Expenses and Termination Fees (Page 104)

Subject to limited exceptions, all fees and expenses incurred in connection with the merger agreement will be paid by the party incurring such expenses; provided, however, that Adobe and Macromedia will share equally all fees and expenses, other than attorneys' fees, incurred in connection with (1) the filing, printing and mailing of the registration statement on Form S-4 and this joint proxy statement/prospectus, and (2) the filing by the parties of the premerger notification and report forms relating to the merger under the Hart-Scott-Rodino Act, or the HSR Act.

A termination fee of $103.2 million may be payable by either Adobe or Macromedia to the other party upon the termination of the merger agreement under several circumstances.

Tax Matters (Page 82)

Cooley Godward LLP, outside counsel to Adobe, and Fenwick & West LLP, outside counsel to Macromedia, are expected to each issue a tax opinion to the effect that the merger will constitute a reorganization under Section 368 of the Internal Revenue Code of 1986, or the Code. In a reorganization, a Macromedia stockholder generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of its shares of Macromedia common stock for shares of Adobe common stock. However, any cash received for any fractional share will result in the recognition of gain or loss as if such stockholder sold its fractional share. A Macromedia stockholder's tax basis in the shares of Adobe common stock that it receives in the merger will equal its current tax basis in its Macromedia common stock (reduced by the basis allocable to any fractional share interest for which it receives cash).

Tax matters can be complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You should consult your own tax advisors to fully understand the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Regulatory Approvals (Page 84)

To consummate the merger, Adobe and Macromedia must make filings and obtain approvals or clearances from antitrust regulatory authorities in the United States, certain countries in the European Union and other countries. The thirty-day waiting period under the HSR Act terminates on July 8, 2005, unless the waiting period is terminated early or extended by a government request for additional information and documentary material. In the United States, Adobe must also comply with applicable federal and state securities laws and the rules and regulations of the NASDAQ National Market in connection with the issuance of shares of Adobe common stock in the merger and the filing of this joint proxy statement/prospectus with the SEC.

Anticipated Accounting Treatment (Page 84)

The merger will be accounted for as a purchase transaction by Adobe for financial reporting and accounting purposes under U.S. generally accepted accounting principles. The results of operations of Macromedia will be included in the consolidated financial statements of Adobe from the consummation of the merger forward.

Appraisal Rights (Page 84)

Under Delaware corporate law, holders of Macromedia common stock are not entitled to appraisal rights in connection with the merger because both Adobe common stock and Macromedia common stock are listed on the NASDAQ National Market. Under Delaware corporate law, holders of Adobe common stock are not entitled to appraisal rights in connection with the merger.

MARKET PRICE AND DIVIDEND DATA

The following information gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Adobe common stock and Macromedia common stock are listed on the NASDAQ National Market under the symbols "ADBE" and "MACR," respectively. The following tables present, for the periods indicated, the range of high and low per share sales prices for Adobe common stock and Macromedia common stock as reported on the NASDAQ National Market. The table for Adobe also sets forth the cash dividends paid per share by Adobe for the periods indicated. Adobe discontinued its quarterly cash dividend after the payment of the cash dividend for the first quarter of fiscal 2005. Adobe had paid cash dividends on its common stock each quarter since the second quarter of fiscal 1988. Under the terms of the lease agreements for Adobe's San Jose headquarters, Adobe is not prohibited from paying cash dividends unless an event of default occurs. Macromedia has never declared or paid any cash dividend on shares of its common stock.

Adobe's fiscal year ends on the Friday closest to November 30, and Macromedia's fiscal year ends on March 31.

Adobe Common Stock

	High	Low	Cash Dividends Per Share
Fiscal Year 2003			
First quarter	$ 14.67	$ 12.14	$ 0.00625
Second quarter	19.19	12.82	0.00625
Third quarter	20.00	15.23	0.00625
Fourth quarter	23.19	18.12	0.00625
Fiscal Year 2004			
First quarter	$ 21.50	$ 17.78	$ 0.00625
Second quarter	23.44	17.15	0.00625
Third quarter	23.68	19.66	0.00625
Fourth quarter	31.57	23.27	0.00625
Fiscal Year 2005			
First quarter	$ 32.56	$ 27.40	$ 0.00625
Second quarter	34.48	26.57	
Third quarter (through June 24, 2005)	32.92	29.17	

Macromedia Common Stock

	High	Low	Cash Dividends Per Share
Fiscal Year 2004			
First quarter	$ 23.22	$ 11.35	
Second quarter	28.80	17.33	
Third quarter	30.00	16.70	
Fourth quarter	21.30	17.30	
Fiscal Year 2005			
First quarter	$ 26.16	$ 17.69	
Second quarter	24.36	18.09	
Third quarter	31.66	20.22	
Fourth quarter	37.54	25.76	
Fiscal Year 2006			
First quarter (through June 24, 2005)	$ 44.67	$ 30.10	

The following table presents the closing per share sales price of Adobe common stock and Macromedia common stock, as reported on the NASDAQ National Market, and the estimated equivalent per share price (as explained below) of Macromedia common stock on April 15, 2005, the last full trading day before the public announcement of the proposed merger, and on , 2005:

	Adobe Common Stock	Macromedia Common Stock	Estimated Equivalent Macromedia Per Share Price
April 15, 2005.	$ 30.33	$ 33.45	$ 41.86
, 2005	$	$	$

The estimated equivalent per share price of a share of Macromedia common stock equals the exchange ratio of 1.38 multiplied by the price of a share of Adobe common stock. You may use this calculation to determine what your shares of Macromedia common stock will be worth if the merger is consummated. If the merger had occurred on , 2005, you would have received a number of shares of Adobe common stock worth $ for each share of Macromedia common stock you owned. The actual equivalent per share price of a share of Macromedia common stock that you will receive if the merger is consummated may be different from this price because the per share price of Adobe common stock on the NASDAQ National Market fluctuates continuously.

Following the consummation of the merger, Adobe common stock will continue to be listed on the NASDAQ National Market, and there will be no further market for the Macromedia common stock.

ADOBE
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(in thousands, except per share data)

You should read the following tables in conjunction with Adobe's consolidated financial statements and related notes and Adobe's "Management's Discussion and Analysis of Financial Condition and Results of Operations," which we incorporate by reference to Adobe's Annual Report on Form 10-K for the fiscal year ended December 3, 2004 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 4, 2005 in this joint proxy statement/prospectus.

The consolidated statements of income data for the fiscal years ended December 3, 2004, November 28, 2003 and November 29, 2002 and the consolidated balance sheet data of December 3, 2004 and November 28, 2003 have been derived from Adobe's audited consolidated financial statements, incorporated by reference in this joint proxy statement/prospectus, and have been audited by KPMG LLP, independent registered public accounting firm, whose report is also incorporated by reference in this joint proxy statement/prospectus. The consolidated statements of income data for the fiscal years ended November 30, 2001 and December 1, 2000 and the consolidated balance sheet data as of November 29, 2002, November 30, 2001 and December 1, 2000 are derived from audited consolidated financial statements not included or incorporated by reference in this joint proxy statement/prospectus.

Historical results are not necessarily indicative of the results to be expected in the future.

	Three Months Ended		Fiscal Year Ended				
	March 4, 2005	**March 5, 2004**	**December 3, 2004**	**November 28, 2003**	**November 29, 2002**	**November 30, 2001**	**December 1, 2000**
	(Unaudited)						
Historical Consolidated Statements of Income Data:							
Revenue	$ 472,882	$ 423,281	$ 1,666,581	$ 1,294,749	$ 1,164,788	$ 1,229,720	$ 1,266,378
Gross Profit	445,913	399,099	1,562,203	1,201,727	1,060,500	1,148,269	1,179,123
Income before income taxes(1)	176,785	166,263	608,645	380,492	284,689	306,931	443,739
Net income	151,894	123,035	450,398	266,344	191,399	205,644	287,808
Net income per share: basic(2)	0.31	0.26	0.94	0.57	0.40	0.43	0.60
Net income per share: diluted(2)	0.30	0.25	0.91	0.55	0.39	0.41	0.56
Weighted average number of shares used in computing earnings per share:							
Basic(2)	486,260	476,768	477,658	468,492	473,668	476,922	476,584
Diluted(2)	506,182	492,174	495,626	482,900	486,238	498,290	511,548
Cash dividend declared per share(2)	$ 0.00625	$ 0.00625	$ 0.025	$ 0.025	$ 0.025	$ 0.025	$ 0.025

	As of						
	March 4, 2005	**March 5, 2004**	**December 3, 2004**	**November 28, 2003**	**November 29, 2002**	**November 30, 2001**	**December 1, 2000**
	(Unaudited)						
Historical Consolidated Balance Sheet Data:							
Cash, cash equivalents, and short-term investments	$ 1,467,103	$ 1,249,335	$ 1,313,221	$ 1,096,533	$ 617,737	$ 581,613	$ 679,853
Working capital	1,215,751	1,022,343	1,099,621	892,498	436,883	453,713	563,307
Total assets	2,122,810	1,691,506	1,958,632	1,555,045	1,051,610	932,173	1,069,416
Long-term liabilities	5,058		4,838				
Stockholders' equity	1,624,565	1,217,484	1,423,477	1,100,800	674,321	616,972	752,544

(1)

Effective November 30, 2002, Adobe adopted Statement of Financial Accounting Standard No. 142, *Goodwill and Other Intangible Assets*. As a result, goodwill subsequent to the date of adoption is no longer being amortized. Amortization of goodwill for fiscal years ending November 29, 2002, November 30, 2001 and December 1, 2000 was $30.0 million, $14.3 million and $7.0 million, respectively.

(2) Adjusted to reflect the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

MACROMEDIA
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
(in thousands, except per share data)

You should read the following tables in conjunction with Macromedia's consolidated financial statements and related notes and Macromedia's "Management's Discussion and Analysis of Financial Condition and Results of Operations," which we incorporate by reference to Macromedia's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 in this joint proxy statement/prospectus.

The consolidated statements of operations data for each of the three years in the period ended March 31, 2005 and the consolidated balance sheet data as of March 31, 2005 and 2004 have been derived from Macromedia's audited consolidated financial statements, incorporated by reference in this joint proxy statement/prospectus, and have been audited by KPMG LLP, independent registered public accounting firm, whose report is also incorporated by reference in this joint proxy statement/prospectus. The consolidated statements of operations data for each of the two years in the period ended March 31, 2002 and the consolidated balance sheet data as of March 31, 2003, 2002 and 2001 have been derived from Macromedia's audited consolidated financial statements not included or incorporated by reference in this joint proxy statement/prospectus.

Historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended March 31,				
	2005	**2004**	**2003**	**2002**	**2001**
Historical Consolidated Statements of Operations Data:					
Net revenues.	$ 436,168	$ 369,786	$ 336,913	$ 326,498	$ 391,211
Operating income (loss).	55,848	48,047	1,695	(239,858)	5,565
Income (loss) before income taxes	62,578	51,672	5,051	(307,856)	21,243
Net income (loss).	42,301	38,575	990	(310,780)	11,543
Net income (loss) per share:					
Basic	0.60	0.60	0.02	(5.34)	0.23
Diluted	0.55	0.56	0.02	(5.34)	0.20
Shares used in basic per share calculations	70,860	64,380	60,170	58,190	50,840
Shares used in diluted per share calculations	76,650	69,430	61,190	58,190	56,765

	As of March 31,				
	2005	**2004**	**2003**	**2002**	**2001**
Historical Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$ 378,278	$ 282,691	$ 215,586	$ 161,971	$ 177,970
Working capital	319,354	227,608	154,541	111,660	134,879
Total assets.	843,881	683,063	527,381	520,060	786,923
Long-term liabilities	33,454	23,608	32,496	39,805	3,001
Stockholders' equity.	670,247	537,330	394,805	376,382	665,600

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

(in thousands, except per share data)

The following selected unaudited pro forma condensed combined financial information was prepared using the purchase method of accounting. The Adobe and Macromedia unaudited pro forma condensed combined balance sheet data assume that the merger of Adobe and Macromedia took place on March 4, 2005, and combines the Adobe historical consolidated balance sheet at March 4, 2005 with Macromedia's historical consolidated balance sheet at March 31, 2005. The Adobe and Macromedia unaudited pro forma condensed combined statements of income data assume that the merger of Adobe and Macromedia took place as of November 29, 2003. The unaudited pro forma condensed combined statements of income data for the fiscal year ended December 3, 2004 combines Adobe's historical consolidated statement of income for the fiscal year then ended with Macromedia's results of operations for the nine months ended December 31, 2004 and the three months ended March 31, 2004. The unaudited pro forma condensed combined statements of income data for the three months ended March 4, 2005 combines Adobe's historical consolidated statement of income for the three months then ended with Macromedia's historical consolidated statement of income for the three months ended March 31, 2005.

The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only and are not necessarily indicative of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during these periods. The selected unaudited pro forma condensed combined financial data as of and for the three months ended March 4, 2005 and for the fiscal year ended December 3, 2004 are derived from the unaudited pro forma condensed combined financial statements included elsewhere in this joint proxy statement/prospectus and should be read in conjunction with those statements and the related notes. See "Unaudited Pro Forma Condensed Combined Financial Statements."

	Three Months Ended March 4, 2005	Fiscal Year Ended December 3, 2004
Unaudited Pro Forma Condensed Combined Statements of Income data:		
Revenue	$ 588,936	$ 2,088,701
Gross profit	531,956	1,868,658
Income before income taxes	139,522	518,659
Net income	116,673	374,282
Net income per share: basic(1)	0.20	0.65
Net income per share: diluted(1)	0.19	0.63
Weighted average number of shares used in computing earnings per share:		
Basic(1)	588,228	573,320
Diluted(1)	608,150	598,395
Cash dividends per share(1)	$ 0.005	$ 0.020

	As of March 4, 2005
Unaudited Pro Forma Condensed Combined Balance Sheet data:	
Cash, cash equivalents, and short-term investments	$ 1,845,381
Working capital	1,545,680
Total assets	5,561,205
Long-term liabilities	29,099
Stockholders' equity	4,880,655

(1) Adjusted to reflect the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following information gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

The information below reflects:

- the historical net income, book value and cash dividends per share of Adobe common stock and the historical net income (loss), book value and cash dividends per share of Macromedia common stock in comparison with the unaudited pro forma net income, book value and cash dividends per share after giving effect to the proposed merger of Adobe with Macromedia on a purchase basis; and

- the equivalent historical net income, book value and cash dividends per share attributable to 1.38 shares of Adobe common stock which will be received for each share of Macromedia common stock.

Because of different fiscal period ends, the unaudited pro forma condensed combined statements of income data for the three months ended March 4, 2005 combines Adobe's historical consolidated statement of income for the three months then ended with Macromedia's historical consolidated statement of income for the three months ended March 31, 2005. The unaudited pro forma condensed combined statements of income data for the fiscal year ended December 3, 2004 combines Adobe's historical consolidated statement of income for the fiscal year then ended with Macromedia's results of operations for the nine months ended December 31, 2004 and the three months ended March 31, 2004.

You should read the tables below in conjunction with the respective audited and unaudited consolidated financial statements and related notes of Adobe and Macromedia incorporated by reference in this joint proxy statement/prospectus and the unaudited pro forma condensed financial information and notes related to such consolidated financial statements included elsewhere in this joint proxy statement/prospectus.

ADOBE

	Three Months Ended March 4, 2005	Fiscal Year Ended December 3, 2004
Historical Per Common Share Data:		
Net income per common share basic	$ 0.31	$ 0.94
Net income per common share diluted	0.30	0.91
Book value per share(1)	3.34	2.94
Cash dividends per share	0.00625	0.025

MACROMEDIA

	Three Months Ended March 31, 2005	Twelve Months Ended December 31, 2004
Historical Per Common Share Data:		
Net income (loss) per common share basic	$(0.03)	$0.85
Net income (loss) per common share diluted	(0.03)	0.79
Book value per share(1)	8.94	8.80
Cash dividends per share		

ADOBE AND MACROMEDIA

	Three Months Ended March 4, 2005		Fiscal Year Ended December 3, 2004	
Combined Pro Forma Per Common Share Data:				
Net income per Adobe share basic	$	0.20	$	0.65
Net income per Adobe share diluted		0.19		0.63
Cash dividends per Adobe share	$	0.005	$	0.020
Combined Pro Forma Per Equivalent Share Data:(2)				
Net income per equivalent Macromedia share basic		0.27		0.90
Net income per equivalent Macromedia share diluted		0.26		0.86
Book value per Adobe share(1)		8.27		
Book value per equivalent Macromedia share	$	11.41		
Cash dividends per equivalent Macromedia share	$	0.007	$	0.028

(1) The historical book value per Adobe share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at March 4, 2005 and December 3, 2004. The historical book value per Macromedia share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at March 31, 2005 and December 31, 2004. The combined pro forma book value per share is computed by dividing combined pro forma stockholders' equity by the combined pro forma number of shares of Adobe common stock outstanding at March 4, 2005 and December 3, 2004 assuming the merger had occurred as of those dates.

(2) The combined pro forma per equivalent share amounts are calculated by multiplying the Adobe and Macromedia combined pro forma amounts by the exchange ratio of 1.38 shares of Adobe common stock for each share of Macromedia common stock.

FORWARD-LOOKING INFORMATION

This joint proxy statement/prospectus includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "believes," "budget," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predicts," "project," "should," "will" and similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this joint proxy statement/prospectus include, without limitation, statements regarding forecasts of market growth, future revenue, benefits of the proposed merger, expectations that the merger will be break-even to slightly accretive to Adobe's results, future expectations concerning available cash and cash equivalents, Adobe's expectations with respect to future stock repurchases following the merger, including the timing and amount of such repurchases, and other matters that involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from results expressed in or implied by this joint proxy statement/prospectus. Such risk factors include, among others:

- difficulties we may encounter in integrating the merged businesses;
- uncertainties as to the timing of the merger, and the satisfaction of closing conditions to the merger, including the receipt of regulatory approvals;
- the receipt of required stockholder approvals;
- whether certain markets will grow as anticipated;
- the competitive environment in the software industry and competitive responses to the proposed merger; and
- whether the companies can successfully develop new products on a timely basis and the degree to which these gain market acceptance.

Actual results may differ materially from those contained in the forward-looking statements in this joint proxy statement/prospectus. Additional information concerning these and other risk factors is contained in Adobe's and Macromedia's most recently filed Annual Reports on Form 10-K and Adobe's most recently filed Quarterly Report on Form 10-Q. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. All forward-looking statements are qualified in their entirety by this cautionary statement.

RISK FACTORS

You should consider the following factors in evaluating whether to approve the issuance of shares of Adobe common stock in the merger or whether to adopt the merger agreement, as the case may be. These factors should be considered in conjunction with the other information included or incorporated by reference by Adobe and Macromedia in this joint proxy statement/prospectus.

RISKS RELATING TO THE MERGER

If we do not integrate our products, we may lose customers and fail to achieve our financial objectives.

Achieving the benefits of the merger will depend in part on the integration of Adobe's and Macromedia's products in a timely and efficient manner. In order for us to provide enhanced and more valuable products to our customers after the merger, we will need to integrate our product lines and development organizations. This will be difficult, unpredictable, and subject to delay because our products are highly complex, have been developed independently and were designed without regard to such integration. If we cannot successfully integrate our products and continue to provide customers with products and new product features in the future on a timely basis, we may lose customers and our business and results of operations may be harmed.

If we are not successful in integrating our organizations, we will not be able to operate efficiently after the merger.

Achieving the benefits of the merger will also depend in part on the successful integration of Adobe's and Macromedia's operations and personnel in a timely and efficient manner. The integration process requires coordination of different development and engineering teams, and involves the integration of systems, applications, policies, procedures, business processes and channel operations. This, too, will be difficult, unpredictable, and subject to delay because of possible cultural conflicts and different opinions on technical decisions and product roadmaps. If we cannot successfully integrate our operations and personnel, we will not realize the expected benefits of the merger.

Integrating our companies may divert management's attention away from our operations.

Successful integration of Adobe's and Macromedia's operations, products and personnel may place a significant burden on our management and our internal resources. The diversion of management attention and any difficulties encountered in the transition and integration process could harm our business, financial condition and operating results.

We expect to incur significant costs integrating the companies into a single business, and if such integration is not successful we may not realize the expected benefits of the merger.

We expect to incur significant costs integrating Macromedia's operations, products and personnel. These costs may include costs for:

- employee redeployment, relocation or severance;
- conversion of information systems;
- combining research and development teams and processes;
- reorganization or closures of facilities; and
- relocation or disposition of excess equipment.

In addition, we expect to incur significant costs in connection with the merger. We do not know whether we will be successful in these integration efforts or in consummating the merger and cannot assure you that we will realize the expected benefits of the merger.

If we fail to retain key employees, the benefits of the merger could be diminished.

The successful combination of Adobe and Macromedia will depend in part on the retention of key personnel. There can be no assurance that Adobe will be able to retain its or Macromedia's key management, technical, sales and customer support personnel. If we fail to retain such key employees, we may not realize the anticipated benefits of the merger.

Our sales could decline if customer relationships are disrupted by the merger.

Our customers may not continue their current buying patterns during the pendency of, and following, the merger. Any significant delay or reduction in orders for Adobe's or Macromedia's products could harm the combined company's business, financial condition and results of operations. Customers may defer purchasing decisions as they evaluate the likelihood of successful integration of Adobe's and Macromedia's products and the combined company's future product strategy, or consider purchasing products of our competitors. Customers may also seek to modify or terminate existing agreements, or prospective customers may delay entering into new agreements or purchasing our products. In addition, by increasing the breadth of Adobe's and Macromedia's business, the merger may make it more difficult for the combined company to enter into relationships, including customer relationships, with strategic partners, some of whom may view the combined company as a more direct competitor than either Adobe or Macromedia as an independent company.

Because Macromedia stockholders will receive a fixed number of shares of Adobe common stock in the merger, rather than a fixed value, if the market price of Adobe common stock declines, Macromedia stockholders will receive consideration in the merger of lesser value.

Upon the consummation of the merger, each Macromedia share will be converted into the right to receive 1.38 shares of Adobe common stock, which exchange ratio gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005. Since the exchange ratio is fixed, the number of shares that Macromedia stockholders will receive in the merger will not change, even if the market price of Adobe common stock changes. In recent years, the stock market, in general, and the securities of technology companies, in particular, have experienced extreme price and volume fluctuations. These market fluctuations may adversely affect the market price of Adobe common stock. The market price of Adobe common stock upon and after the consummation of the merger could be lower than the market price on the date of the merger agreement or the current market price. Macromedia stockholders should obtain recent market quotations of Adobe common stock before they vote on the merger.

Adobe and Macromedia may be required to comply with material restrictions or conditions in order to obtain the regulatory approvals required to consummate the merger.

The merger is subject to review by the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission under the HSR Act. Under this statute, Adobe and Macromedia are required to make pre-merger notification filings and to await the expiration or early termination of the statutory waiting period prior to consummating the merger. The merger may also be subject to review by the governmental authorities of various other jurisdictions. The governmental entities from whom approvals are required may attempt to condition their approval of the merger, or of the transfer to Adobe of licenses and other entitlements, on the satisfaction of certain regulatory conditions that may have the effect of imposing additional costs on Adobe or otherwise substantially reducing the benefits to Adobe if the merger is consummated. Adobe and Macromedia have not yet obtained any of the regulatory approvals required to consummate the merger.

A shareholder derivative lawsuit has been filed against Adobe and its directors challenging the merger, and an unfavorable judgment or ruling in this lawsuit could prevent or delay the consummation of the merger, result in substantial costs or both.

On June 13, 2005, a shareholder derivative action entitled *Steve Staehr, Derivatively on Behalf of Adobe Systems Incorporated v. Bruce R. Chizen, et. al.,* was filed in the Superior Court of the State of California for the County of Santa Clara against Adobe's directors and naming Adobe as a nominal defendant. The complaint alleges that the defendants breached their fiduciary duties of loyalty and due care and caused Adobe to waste corporate assets by failing to renegotiate or terminate the merger agreement following the announcement by Macromedia that it would restate its financial results for the fiscal years ended March 31, 1999 through 2004 and by failing to conduct sufficient due diligence prior to entering into the merger agreement. The complaint seeks, among other things, unspecified monetary damages, attorneys fees and certain forms of equitable relief, including preliminarily and permanently enjoining the consummation of the merger. Adobe has obligations under certain circumstances to hold harmless and indemnify each of the defendant directors against judgments, fines, settlements and expenses related to claims against such directors and otherwise to the fullest extent permitted under Delaware law and Adobe's bylaws and certificate of incorporation. Such obligations may apply to the lawsuit. Adobe's management believes that the allegations are without merit and intends to vigorously contest the action. However, there can be no assurance that the defendants will be successful in their defense. An unfavorable outcome in this lawsuit could prevent or delay the consummation of the merger, result in substantial costs to Adobe or both.

RISKS RELATING TO ADOBE

Adverse changes in general economic or political conditions in any of the major countries in which we do business could adversely affect our operating results.

If the economy worsens in any geographic areas where we do business, it would likely cause our future results to vary materially from our targets. A slower economy also may adversely affect our ability to grow. Political instability in any of the major countries in which we do business also may adversely affect our business.

Delays in development or shipment of new products or major new versions of existing products could cause a decline in our revenue.

Any delays or failures in developing and marketing our products, including upgrades of current products, may have a harmful impact on our results of operations. Our inability to extend our core technologies into new applications and new platforms and to anticipate or respond to technological changes could affect continued market acceptance of our products and our ability to develop new products. A portion of our future revenue will come from new applications. Delays in product or upgrade introductions could cause a decline in our revenue, earnings or stock price. We cannot determine the ultimate effect these delays or the introduction of new products or upgrades will have on our revenue or results of operations.

Introduction of new products by existing and new competitors, particularly Microsoft, could harm our competitive position and results of operations.

The end markets for our software products are intensely and increasingly competitive, and are significantly affected by product introductions and market activities of industry competitors. Microsoft has an electronic form tool called InfoPath included as part of its latest professional Office product that competes with certain aspects of our Intelligent Documents product line. In addition, Microsoft is developing the next generation of its Windows operating system, codenamed Longhorn, and has announced it will add new electronic document capabilities to Longhorn, codenamed Metro, providing additional competition to our Intelligent Documents products and solutions. Certain aspects of Metro may also compete with our Adobe Postscript technologies and solutions. Given Microsoft's market dominance, InfoPath, Metro or any new competitive Microsoft product or technology that is bundled as part of its Office product or operating system, could harm our overall Intelligent Documents market opportunity. Also, some enterprise vendors provide intelligent document capabilities that could directly or indirectly compete with our Intelligent Documents products. Additionally, content creation/management tools that use other formats for electronic document distribution provide alternate solutions to customers, and indirectly compete with Adobe's Intelligent Documents products and the use of Adobe PDF. We also are seeing an increase in competition from clone PDF products marketed by other companies. Other competitors, including Microsoft, Apple, Avid and Google, may increase their presence in the digital imaging and digital video markets. Microsoft recently released a test version of a new professional graphics tool, codenamed Acrylic, which may compete with Adobe Photoshop and Adobe Illustrator. We also face competition from certain Open Source products. Additionally, many digital camera manufacturers are bundling their own or our competitors' digital imaging and video software products with their digital camera products. If these competing products achieve widespread acceptance, our operating results could suffer. In addition, consolidation has occurred among some of the competitors in our markets. Any further consolidations among our competitors may result in stronger competitors and may therefore harm our results of operations.

If we fail to successfully manage transitions to new business models or markets, our results of operations could be negatively impacted.

We are devoting significant resources to the development of technologies and service offerings to address demands in the marketplace for document generation, document process management, document collaboration and document control and security. As a result, we are transitioning to new business models and seeking to broaden our customer base in the enterprise and government markets, requiring a considerable investment of technical, financial and sales resources, and a scaleable organization. Many of our competitors may have advantages over us due to their larger presence, larger developer network, deeper experience in the enterprise and government markets and greater sales and marketing resources. It is our intent to form strategic alliances with leading enterprise and government solutions and service providers to provide additional resources to further enable penetration of the enterprise and government markets. If we are unable to successfully enter into strategic alliances, or if they are not as productive as we anticipate, our market penetration may not proceed as rapidly as we anticipate and our results of operations could be negatively impacted.

Our limited operating history with Adobe Creative Suite products makes it difficult to predict the revenue effect of the Adobe Creative Suite product cycle and the individual products integrated within these products.

If we fail to anticipate and develop new products in response to changes in demand for application software, computers and printers, our business could be harmed.

We offer our application-based products primarily on Windows and Macintosh platforms and on some UNIX platforms. We generally offer our server-based products, but not desktop application products, on the Linux platform as well as the Windows and UNIX platforms. To the extent that there is a slowdown of customer purchases of personal computers on either the Windows or Macintosh platform or in general, or to the extent that significant demand arises for our products or competitive products on the Linux desktop platform before we choose and are able to offer our products on this platform, our business could be harmed.

We may incur substantial costs enforcing our intellectual property rights and defending against third-party claims as a result of litigation or other proceedings.

In connection with the enforcement of our own intellectual property rights or in connection with disputes relating to the validity or alleged infringement of third-party rights, including patent rights, we have been, are currently and may in the future be subject to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation are typically very costly and can be disruptive to our business operations by diverting the attention and energies of management and key technical personnel. Although we have successfully defended or resolved past litigation and disputes, we may not prevail in any ongoing or future litigation and disputes. Adverse decisions in such litigation or disputes could have negative results, including subjecting us to significant liabilities, requiring us to seek licenses from others, preventing us from manufacturing or licensing certain of our products or causing severe disruptions to our operations or the markets in which we compete, any one of which could seriously harm our business.

Additionally, although we actively pursue software pirates as part of our enforcement of our intellectual property rights, we do lose revenue due to illegal use of our software. If piracy activities increase, it may further harm our business.

We may not realize the anticipated benefits of past or future acquisitions, and integration of acquisitions may disrupt our business and management.

We have in the past and may in the future acquire additional companies, products or technologies. We may not realize the anticipated benefits of any acquisition, including the merger with Macromedia, and each acquisition has numerous risks. These risks include:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with our current products and technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, distributors, vendors and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- potential impairment of our relationships with employees, customers, partners, distributors or third-party providers of technology or products;
- potential failure of the due diligence processes to identify significant issues with product quality, architecture and development, or legal and financial contingencies, among other things;
- incurring significant exit charges if products acquired in business combinations are unsuccessful; and

potential inability to assert that internal controls over financial reporting are effective.

Mergers and acquisitions of high technology companies are inherently risky, and ultimately, if we do not complete the integration of acquired businesses successfully and in a timely manner, we may not realize the anticipated benefits of the acquisitions to the extent anticipated, which could adversely affect our business, financial condition or results of operations.

We rely on distributors to sell our products and any adverse change in our relationship with our distributors could result in a loss of revenue and harm our business.

We distribute our application products primarily through distributors, resellers, retailers and increasingly systems integrators, ISVs and VARs, collectively referred to as "distributors." A significant amount of our revenue for application products is from two distributors, Ingram Micro, Inc. and Tech Data Corporation. In addition, our channel program focuses our efforts on larger distributors, which has resulted in our dependence on a relatively small number of distributors licensing a large amount of our products. Our distributors also sell our competitors' products, and if they favor our competitors' products for any reason, they may fail to market our products as effectively or to devote resources necessary to provide effective sales, which would cause our results to suffer. In addition, the financial health of these distributors and our continuing relationships with them are important to our success. Some of these distributors may be unable to withstand adverse changes in business conditions. Our business could be seriously harmed if the financial condition of some of these distributors substantially weakens.

If our internal computer network and applications suffer disruptions or fail to operate as designed, our operations will be disrupted and our business may be harmed.

We rely on our network infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, operational, support and sales activities. The hardware and software systems related to such activities are subject to damage from earthquakes, floods, fires, power loss, telecommunication failures and other similar events. They are also subject to computer viruses, physical or electronic vandalism or other similar disruptions that also could cause system interruptions, delays in our product development and loss of critical data and could prevent us from fulfilling our customers' orders. We have developed disaster recovery plans and backup systems to reduce the potentially adverse effect of such events, as they could impact our sales and damage our reputation and the reputation of our products. Any event that causes failures or interruption in our hardware or software systems could result in disruption in our business operations, loss of revenues or damage to our reputation.

We rely on turnkey assemblers and any adverse change in our relationship with our turnkey assemblers could result in a loss of revenue and harm our business.

We currently rely on six turnkey assemblers of our products, with at least two turnkeys located in each major region we serve. If any significant turnkey assembler terminates its relationship with us, or if our supply from any significant turnkey assembler is interrupted or terminated for any other reason, we may not have enough time or be able to replace the supply of products replicated by that turnkey assembler to avoid serious harm to our business.

Our future operating results are difficult to predict and are likely to fluctuate substantially from quarter to quarter and as a result the market price of our common stock may be volatile and our stock price could decline.

As a result of a variety of factors discussed in this joint proxy statement/prospectus, our quarterly revenues and operating results for a particular period are difficult to predict. Our revenues may grow at a slower rate than experienced in previous periods and, in particular periods, may decline. Additionally, we periodically provide operating model targets for revenue, gross margin, operating expenses, operating margin, other income, tax rate, share count and earnings per share. These targets reflect a number of assumptions, including assumptions about product pricing and demand, economic and seasonal trends, manufacturing costs and volumes, the mix of shrink-wrap and licensing revenue, full and upgrade products, distribution channels and geographic markets. If one or more of these assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated or projected.

Due to the factors noted above, our future earnings and stock price may be subject to volatility, particularly on a quarterly basis. Shortfalls in revenue or earnings or delays in the release of products or upgrades compared to analysts' or investors' expectations have caused and could cause in the future an immediate and significant decline in the trading price of our common stock. Additionally, we may not learn of such shortfalls or delays until late in the fiscal quarter, which could result in an even more immediate and greater decline in the trading price of our common stock. Finally, we participate in a highly dynamic industry. In addition to factors specific to us, changes in analysts' earnings estimates for us or our industry, and factors affecting the corporate environment, our industry or the securities markets in general, have resulted, and may in the future result, in volatility of our common stock price.

We are subject to risks associated with international operations which may harm our business.

We typically generate over 50% of our total revenue from sales to customers outside of the Americas. Sales to these customers subject us to a number of risks, including the following:

- foreign currency fluctuations;
- changes in government preferences for software procurement;
- international economic and political conditions;
- unexpected changes in, or impositions of, international legislative or regulatory requirements;
- inadequate local infrastructure;
- delays resulting from difficulty in obtaining export licenses for certain technology, tariffs, quotas and other trade barriers and restrictions;
- transportation delays;
- the burdens of complying with a variety of foreign laws; and
- other factors beyond our control, including terrorism, war, natural disasters and diseases.

If sales to any of our customers outside of the Americas are delayed or cancelled because of any of the above factors, our revenue may be negatively impacted.

We may incur losses associated with currency fluctuations and may not be able to effectively hedge our exposure.

Our operating results are subject to fluctuations in foreign currency exchange rates. We attempt to mitigate a portion of these risks through foreign currency hedging, based on our judgment of the appropriate trade-offs among risk, opportunity and expense. We have established a hedging program to partially hedge our exposure to foreign currency exchange rate fluctuations, primarily the Japanese yen and the euro. We regularly review our hedging program and will make adjustments based on our judgment. Our hedging activities may not offset more than a portion of the adverse financial impact resulting from unfavorable movement in foreign currency exchange rates.

We have authorized the use of a substantial amount of our cash for the repurchase of our shares following consummation of the merger, and this use of funds may limit our ability to complete other transactions and may not be the most advantageous use for these funds.

As announced by Adobe on April 18, 2005, Adobe's board of directors has approved the use of up to $1 billion for the repurchase, on a discretionary basis, of Adobe stock. These repurchases will be in addition to Adobe's existing stock repurchase programs and are expected to commence following the consummation of the merger. We expect to repurchase shares, as business conditions warrant, for cash in open market transactions at prevailing market prices or through structured repurchase transactions. We expect to use a significant portion of the cash that is expected to be held by the combined company upon the consummation of the merger. This use of cash could limit our future flexibility to complete acquisitions of businesses or technology or other transactions, or make investments in research and development or other aspects of our operations, that might be in our best interests.

Changes in, or interpretations of, accounting principles, such as expensing of stock options, could result in unfavorable accounting charges.

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. A change in these principles can have a significant effect on our reported results and may even retroactively affect previously reported transactions. Our accounting principles that recently have been or may be affected by changes in accounting principles include the following:

- software revenue recognition;
- accounting for share-based payments;
- accounting for income taxes; and
- accounting for business combinations and related goodwill.

In particular, the Financial Accounting Standards Board, or FASB, recently issued Statement of Financial Accounting Standards 123 revised 2004, or SFAS 123R, "Share-Based Payment," which requires the measurement of all share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in our consolidated statements of income. The accounting provisions of SFAS 123R are effective for annual periods beginning after June 15, 2005. We are required to adopt SFAS 123R in the first quarter of fiscal year 2006. We believe that the adoption of SFAS 123R will have a significant adverse effect on our reported financial results and may impact the way in which we conduct our business.

Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates.

Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be unfavorably affected by changes in tax laws or the interpretation of tax laws, by unanticipated decreases in the amount of revenue or earnings in countries with low statutory tax rates or by changes in the valuation of our deferred tax assets and liabilities.

In addition, we are subject to the continual examination of our income tax returns by the Internal Revenue Service and other domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Any adverse outcome from these continual examinations may have an adverse effect on our operating results and financial position.

If we are unable to recruit and retain skilled personnel our business may be harmed.

Much of our future success depends on the continued service and availability of skilled personnel. Experienced personnel in the information technology industry are in high demand and competition for their talents is intense, especially in the Silicon Valley, where the majority of our employees are located. We have relied on our ability to grant equity compensation as one mechanism for recruiting and retaining such highly skilled personnel. Recently enacted accounting regulations requiring the expensing of equity compensation may impair our ability to provide these incentives without incurring significant compensation costs. If we are unable to continue to successfully attract and retain key personnel, our business may be harmed.

We may suffer losses from our equity investments which could harm our business.

We hold equity investments in public companies that have experienced significant declines in market value. We also have investments and may continue to make future investments in privately held companies, many of which are considered in the start-up or development stages. These investments are inherently risky, as the market for the technologies or products these companies have under development is typically in the early stages and may never materialize. Our investment activities can impact our net income. Future price fluctuations in these securities and any significant long-term declines in value of any of our investments could reduce our net income in future periods. We are uncertain about future investment gains and losses, as they are primarily dependent upon the operations of the underlying investee companies.

RISKS RELATING TO MACROMEDIA

Macromedia is subject to a number of risks similar to those described above under the following sub-headings:

- Adverse changes in general economic or political conditions in any of the major countries in which we do business could adversely affect our operating results;

- We rely on distributors to sell our products and any adverse change in our relationship with our distributors could result in a loss of revenue and harm our business;

- If our internal computer network and applications suffer disruptions or fail to operate as designed, our operations will be disrupted and our business may be harmed;

- Our future operating results are difficult to predict and are likely to fluctuate substantially from quarter to quarter and as a result the market price of our common stock may be volatile and our stock price could decline;

- We are subject to risks associated with international operations which may harm our business;

- We may incur losses associated with currency fluctuations and may not be able to effectively hedge our exposure;

- Changes in, or interpretations of, accounting principles, such as expensing of stock options, could result in unfavorable accounting charges; and

- If we are unable to recruit and retain skilled personnel our business may be harmed.

In addition, Macromedia is subject to a number of additional risks, including those described below.

Failure to complete the merger with Adobe could materially and adversely affect our results of operations and our stock price.

Consummation of the merger is subject to customary closing conditions, regulatory approvals, including antitrust approvals, and approval by the stockholders of Adobe and Macromedia, respectively. We cannot assure you that these conditions will be met or waived, that the necessary approvals will be obtained, or that we will be able to successfully consummate the merger as currently contemplated under the merger agreement or at all. If the merger is not consummated:

- We may not realize any or all of the potential benefits of the merger, including any synergies that could result from combining the financial and proprietary resources of Macromedia and Adobe;

- We will remain liable for significant transaction costs, including legal, accounting, financial advisory and other costs relating to the merger;

- Under some circumstances, we may have to pay a termination fee to Adobe in the amount of $103.2 million;

- The attention of our management and our employees may be diverted from day-to-day operations;

- Our customers may seek to modify or terminate existing agreements, or prospective customers may delay entering into new agreements or purchasing our products as a result of the announcement of the merger; and

- Our ability to attract new employees and retain our existing employees may be harmed by uncertainties associated with the merger.

The occurrence of any of these events individually or in combination could have a material adverse affect on our results of operations and our stock price.

If our product and version releases are not successful, our results of operations could be materially and adversely affected.

A substantial portion of our revenues is derived from license sales of new software products and new versions of existing software products. For example, in the second quarter of fiscal year 2006, Macromedia expects to introduce its MX 2005 product line. The success of new products and new versions of existing products depends on the timing, market acceptance and performance of new products or new versions of existing products. In the past we have experienced delays in the development of new products and enhancement of existing products and such delays may occur in the future. If we are unable, due to resource constraints or technological reasons, to develop and introduce products in a timely manner, our results of operations could be materially and adversely affected, including, in particular, our quarterly results. In addition, market acceptance of our new product or version releases will be dependent on our ability to include functionality and usability in such releases that address the requirements of customer demographics with which we may have limited prior experience. We must continue to update our existing products and services to keep them current with changing technology, competitive offerings and consumer preferences and must continue to develop new products and services to take advantage of new technologies that could otherwise render our existing products, or existing versions of such products, obsolete. Furthermore, our new product or version releases may contain undetected errors or "bugs," which may result in product failures or security breaches or otherwise fail to perform in accordance with customer expectations. In addition, such releases may not effectively guard against harmful or disruptive codes, including "virus" codes, new versions of which appear periodically, which may target files or programs created using our products. The occurrence of errors or harmful codes could result in loss of market share, diversion of development resources, injury to our reputation and the reputation of our products or damage to our efforts to build positive brand awareness, any of which could have a material adverse effect on our business, operating results and financial condition. If we do not ship new products or new versions of our existing products as planned, if new product or version releases do not achieve adequate market acceptance, if new products or version releases fail to perform properly, or if we are unsuccessful in penetrating our business user market, which is comprised of non-technical business users that communicate, create and deliver information over the Internet into the market place, and our consumer market, which is comprised of device manufacturers, telecommunications carriers and news and entertainment networks who embed our technology on their platforms, our results of operations could be materially and adversely affected.

We face intense competition.

We operate in a highly competitive market characterized by market and customer expectations to incorporate new features and to accelerate the release of new products. These market factors represent both opportunities and competitive threats to us. With respect to competitive threats:

Our designer and developer tools compete directly and indirectly with products from vendors including Microsoft Corporation, or Microsoft, International Business Machines Corporation, or IBM, and other companies.

Our server software products compete in a highly competitive and rapidly changing market for application server technologies. With respect to these products, we compete directly with products offered by Microsoft, IBM, BEA Systems, Inc., Sun Microsystems, Inc. and various other open-source or free technologies.

Our products marketed to business users, such as Breeze and Contribute, compete directly and indirectly with products offered by IBM, Microsoft, WebEx Communications, Inc. and other companies.

Our products offered to mobile operators and device manufacturers for use in consumer devices compete directly and indirectly with various technologies and products from both established and emerging vendors.

Introduction of new products, or introduction of new functionality in current products, by us or by other companies may intensify our current competitive pressures. Some of our current and potential competitors have greater financial, marketing, technical and intellectual property resources than we do.

Furthermore, we have a number of strategic alliances with large and complex organizations, some of which may compete with us in certain markets. These arrangements are generally limited to specific projects, the goal of which is generally to achieve product compatibility, promote product adoption or facilitate product distribution. If successful, these relationships may be mutually beneficial. However, these alliances carry an element of risk because, in most cases, we must compete in some business areas with a company with which we also have a strategic alliance and, at the same time, cooperate with that company in other business areas. If these companies fail to perform or if these relationships fail to materialize as expected, we could suffer delays in product development, encounter barriers to product adoption and distribution or fail to realize the anticipated economic benefit of the strategic alliance.

Revenues from our consumer market may be difficult to predict.

Our future revenue growth is increasingly dependent upon our ability to continue to increase net revenues obtained from licensing our consumer products for use in mobile phones, set-top boxes, game devices, personal digital assistants, or PDAs, hand-held computers and other consumer electronic devices. We have a limited history of licensing products in our consumer market and believe these transactions present considerably greater risks than we have historically experienced with sales of products licensed to designers and developers. Specific risks related to our ability to predict revenues in our consumer market include the following:

- Sales cycles are long and complex as customers typically consider a number of factors before agreeing to license our technology, including, among other things, the time and cost to embed our technology into their devices. As a result, it may be difficult to predict when and if license arrangements will become effective.

- Because our technology is integrated into devices offered by our customers, we could be adversely impacted if our products are not successfully integrated with those of the customer or if their products are not successfully marketed or sold to consumers.

- We may be required to defer revenue recognition for our consumer license arrangements for a significant period of time after initially entering into such license agreements for a variety of reasons, including, but not limited to, instances where there are certain acceptance criteria and/or integration services necessary to determine whether our technology functions properly with the product offerings of the customer.

- Many of our licensing arrangements require licensees to pay per-unit royalties, requiring us to rely on the accuracy and timeliness of licensee royalty reports generated by our customers in recognizing royalty revenues.

- Consumer markets are extremely competitive and are influenced by rapidly changing industry standards and consumer preferences. Changes in such standards or preferences could have a significant impact on demand for specific technologies, including our technology.

We may not be able to successfully defend or enforce our intellectual property rights.

Because we are a software company, our business is dependent on our ability to protect our intellectual property rights. We rely on a combination of patent, copyright, trade secret and trademark laws, as well as employee and third-party nondisclosure agreements and license agreements, to protect our intellectual property rights and products. Policing unauthorized use of products and fully protecting our proprietary rights are difficult and we cannot guarantee that the steps we have taken to protect our proprietary rights will be successful. In addition, effective patent, copyright, trade secret and trademark protection may not be available in every country in which our products are distributed or used. In particular, while we are unable to determine the exact extent of piracy of our software products, software piracy may depress our revenues. While this would also adversely affect domestic revenue, revenue loss from piracy of our software products is believed to be even more significant outside of the United States, particularly in countries where laws provide less protection of intellectual property rights. Protection of our intellectual property rights also is difficult in situations where we have taken certain actions to promote broader adoption of our technology. For instance, in an effort to promote broader adoption of our technology, in particular the Macromedia Flash Player and the Macromedia Shockwave Player, we publish and grant industry standard-setting organizations, user groups and third parties the right to use certain Macromedia product specifications, file formats, application programming interfaces, or APIs, and other information. These specifications, file formats, APIs and other information could be used to produce products that compete with and reduce demand for Macromedia's own products. In addition, our intellectual property enforcement rights may be diminished because of our decision to publish or license certain intellectual property in an effort to promote its adoption.

Our failure to maintain an effective system of internal controls could harm our business.

Designing and maintaining effective internal controls over financial reporting is expensive and requires considerable attention from management, employees and expert outside advisors. Internal controls, however well-designed and operated, cannot provide any absolute assurance that the objectives of the controls will be met. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we and our independent registered public accounting firm periodically certify the adequacy of our internal controls over financial reporting. This requirement first became applicable to us on March 31, 2005. As part of the Section 404 certification process that concluded after March 31, 2005, we identified a material weakness in our internal controls over income taxes that had existed as of March 31, 2005. This deficiency, for which remediation has already begun, or any actual failure of our internal controls, could harm the financial position of our business, reduce investor confidence, cause a decline in the market price for our common stock, and subject us to costly litigation.

We face risks associated with acquisitions.

We have entered into business combinations with other companies in the past, including our acquisition of eHelp in December 2003 and two acquisitions in the fourth quarter of fiscal year 2003, and we are permitted under the terms of the merger agreement to make additional acquisitions prior to the consummation of the merger under limited circumstances. Acquisitions generally involve significant risks, including, among other things, difficulties in the assimilation of the operations, business strategy, services, technologies and corporate culture of the acquired companies, diversion of management's attention from other business concerns, overvaluation of the acquired companies and the acceptance of the acquired companies' products and services by our customers. In addition, future acquisitions would likely result in dilution to existing stockholders, if stock or stock options are issued, or if we assume debt and contingent liabilities, which could have a material adverse effect on our financial condition, results of operations and liquidity. Accordingly, any future acquisitions could result in a material adverse effect on our results of operations.

Changing our pricing and business model could adversely affect our business.

We periodically make changes to our product pricing or offer alternative methods of licensing our product, based on market conditions or customer demands, or in connection with marketing activities. Such increases in the pricing of our products may cause our customers to seek lower-priced alternatives, decrease the aggregate demand for such products and have an adverse effect on our results of operations. In addition, competition in the various markets in which we operate may require us to reduce prices on certain products in such markets. In the event that we are required to reduce the pricing of our products, we may not be able to offset the lower unit price with increased demand for the corresponding products. Furthermore, any changes in pricing of products in general may result in delays in transactions as our customers and our sales force adapt to such price changes and may have an adverse effect on our results of operations. Moreover, customer demand and competition in the market may require us to offer alternative methods of licensing our products. In the event that we offer alternative methods of licensing our products, the revenues generated from licenses based on such alternative methods may not offset the loss of revenues from our existing method of licensing our products in any given period and may have an adverse effect on our results of operations.

Product returns could exceed our estimates and harm our net revenues.

The primary sales channels into which we sell our products throughout the world are a network of distributors and VARs. Agreements with our distributors and VARs contain specific product return privileges for stock rotation and obsolete products that are generally limited to contractual amounts. In general, we expect sales returns to increase following the announcement of new or upgraded versions of our products or in anticipation of such product announcements, as our distributors and resellers seek to reduce their inventory levels of the prior version of a product in advance of receiving the new version. Similarly, we expect that product inventory held by our distributors and resellers would increase following the successful introduction of new or upgraded products, as these resellers stock the new version in anticipation of end-user demand, which would result in a decrease in our allowance for sales returns of our products. As part of our revenue recognition practices, we have established a reserve for estimated sales returns. The reserve is based on a number of factors, including channel inventory levels and the timing of new product introductions. Actual product returns in excess of our reserve estimates would have an adverse effect on our net revenues and our results of operations.

Changes in tax laws and regulations may increase our expenses and the cost of our products.

In October 1998, the federal Internet Tax Freedom Act, or ITFA, was enacted. The ITFA imposed a three-year moratorium on state and local taxes related to Internet access and discriminatory taxes on electronic commerce that expired on October 20, 2001. The moratorium was extended in November 2001 and in November 2003. Under the current law, the moratorium is set to expire on November 1, 2007. The Senate introduced a bill (S. 849) on April 19, 2005 to make the moratorium permanent. The bill has been referred to the Committee on Commerce, Science and Transportation. If the ITFA is not extended or permanently enacted, state and local jurisdictions may seek to impose taxes on Internet access or electronic commerce within their jurisdictions. These taxes could increase our operating expenses and the sales price of our products.

Also, on July 1, 2003, the European Union enacted legislation requiring all non-European Union vendors to collect Value Added Tax, or VAT, on all electronically supplied goods or services sold to consumers in the European Union. Compliance with this new European Union tax legislation has increased the cost of our products to consumers in the European Union and could decrease the demand for our products in that region.

Changes or disruptions in services provided by third parties could disrupt our business.

We rely primarily on a single independent third party to produce and distribute our box products and on a second independent third party to fulfill volume licenses. If there is a temporary or permanent disruption of our supply from such manufacturers, we may not be able to replace the supply in sufficient time to meet the demand for our products. Any such failure to meet the demand for our products would adversely affect our revenues and might cause some users to purchase licenses to our competitors' products to meet their requirements.

We rely on a limited number of independent third parties to provide support services to our customers. If any of these third-party service providers terminates its relationship with us or ceases to be able to continue to maintain such relationship with us, we may not have sufficient notice or time to avoid serious disruption to our business. Furthermore, if any such third-party service providers fail to provide adequate or satisfactory support for our products, our reputation as well as the success of our products may be adversely affected.

Moreover, we have outsourced, and may continue to outsource, specific development and quality assurance activities for certain of our products. If such third-party developers are not able to complete the development activities on time, the release of the corresponding new product or a new version may be delayed. In addition, since we are unable to control the development activities outsourced by us to third parties, the portions of our product developed by such third parties may contain significant errors or "bugs."

Termination of licenses for technologies from third parties could cause delays, increased costs or reduced functionality that may result in a material reduction in our net revenues and higher costs.

We license and distribute third-party technologies that are bundled with or embedded in our products. If any of these licenses from third parties were terminated or were not renewed, or the third-party technology was to become subject to an intellectual property dispute, we might not be able to ship our products in which these technologies are bundled or embedded. We would then have to seek an alternative to such third party technology to the extent that such an alternative exists. This could result in delays in releasing and/or shipping our products, increased costs or reduced functionality of our products and material reduction in our net revenues.

Adverse economic conditions in the commercial real estate market may affect our ability to sublease vacated portions of properties held under sublease.

Our restructuring expenses and accruals related to our excess leased properties involve significant estimates made by management using the best information available at the time that the estimates were made, including market data obtained from real estate brokers in the local markets. These estimates include evaluating the timing and market conditions of rental payments and sublease income. Changes in our current operations could result in our vacating additional portions of properties held under operating leases prior to the expiration of the corresponding lease agreements and could result in additional changes. The general adverse economic conditions in the areas where we have significant leased properties have resulted in a surplus of business facilities making it difficult to sublease properties. There can be no assurance that market conditions will improve during the terms of the lease periods. If market conditions deteriorate, we may be unable to sublease our excess leased properties at all or on terms acceptable to us, or we may not meet our expected estimated levels of sublease income and our results of operations could be adversely affected.

Future impairment assessments on certain intangible assets may result in additional impairment charges.

In fiscal year 2003, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. As a result, our goodwill and other intangible assets that have an indefinite useful life are no longer amortized, but instead, reviewed at least annually for impairment. Significant changes in demand for our products or changes in market conditions in the principal markets in which we sell our products, could adversely impact the carrying value of these intangible assets. In particular, if there is (i) a significant and other than temporary decline in the market value of our common stock; (ii) a decrease in the market value of a particular asset of ours; or (iii) operating or cash flow losses combined with forecasted future losses, we could be required to record impairment charges related to goodwill and other intangible assets, which could adversely affect our financial results. In addition, should we develop and manage our business using discrete financial information for reporting units in the future, we may be required to allocate our goodwill balance to those reporting units, which may result in an impairment of part or all of our recorded goodwill.

THE COMPANIES

Adobe

Adobe offers a line of software and services for consumers, creative professionals and enterprises, in both the public and private sectors. Adobe's products are digital imaging, design and document technology platforms which enable customers to create, manage and deliver visually rich, compelling and reliable content. Adobe distributes its products through a network of distributors and dealers, value-added resellers, or VARs, systems integrators, independent software vendors, or ISVs, and original equipment manufacturers, or OEMs; directly to end users; and through its own Web site at www.adobe.com. Adobe also licenses its technology to major hardware manufacturers, software developers and service providers and offers integrated software solutions to businesses of all sizes. Adobe has operations in the Americas; Europe, Middle East and Africa, or EMEA; and Asia. Adobe's software runs on Microsoft Windows, Apple Macintosh, Linux, UNIX and various non-personal computer platforms, depending on the product.

Adobe was originally incorporated in California in October 1983 and reincorporated in Delaware in May 1997.

Merger Sub

Avner Acquisition Sub, or Merger Sub, is a wholly owned subsidiary of Adobe that was incorporated in Delaware in April 2005. Merger Sub does not engage in any operations and exists solely to facilitate the merger.

Macromedia

Macromedia is an independent software company providing software that empowers designers, developers and business users to create and deliver effective user experiences on the Internet, fixed media and wireless and digital devices. Macromedia's integrated family of technologies enables the development of a wide range of Internet and mobile application solutions.

Macromedia was incorporated in Delaware in February 1992.

THE ADOBE SPECIAL MEETING

Date, Time and Place

The special meeting of Adobe stockholders will be held on , , 2005, at the principal executive offices of Adobe located at 345 Park Avenue, San Jose, California commencing at p.m. local time. We are sending this joint proxy statement/prospectus to you in connection with the solicitation of proxies by the Adobe board of directors for use at the Adobe special meeting and any adjournments or postponements of the special meeting.

Purposes of the Adobe Special Meeting

The purposes of the Adobe special meeting are:

- to consider and vote on Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger;
- to consider and vote on Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1; and
- to transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Recommendation of Adobe's Board of Directors

ADOBE'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE ISSUANCE OF SHARES OF ADOBE COMMON STOCK IN THE MERGER IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, ADOBE AND ITS STOCKHOLDERS AND HAS UNANIMOUSLY APPROVED SUCH ISSUANCE. ADOBE'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ADOBE STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 1 TO APPROVE THE ISSUANCE OF SHARES OF ADOBE COMMON STOCK IN THE MERGER.

ADOBE'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE PROPOSAL TO ADJOURN THE ADOBE SPECIAL MEETING, IF NECESSARY, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF PROPOSAL NO. 1 IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, ADOBE AND ITS STOCKHOLDERS AND HAS UNANIMOUSLY APPROVED AND ADOPTED THE PROPOSAL. ACCORDINGLY, ADOBE'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ALL ADOBE STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 2 TO ADJOURN THE ADOBE SPECIAL MEETING, IF NECESSARY, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF PROPOSAL NO. 1.

Record Date and Voting Power

Only holders of record of Adobe common stock at the close of business on the record date, , 2005, are entitled to notice of, and to vote at, the Adobe special meeting. There were approximately holders of record of Adobe common stock at the close of business on the record date. Because many of such shares are held by brokers and other institutions on behalf of stockholders, Adobe is unable to estimate the total number of stockholders represented by these record holders. shares of Adobe common stock were issued and outstanding at the close of business on the record date. Each share of Adobe common stock entitles the holder thereof to one vote on each matter submitted for stockholder approval. See "Security Ownership by Certain Beneficial Owners" for information regarding persons known to the management of Adobe to be the beneficial owners of more than 5% of the outstanding shares of Adobe common stock.

Voting and Revocation of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Adobe for use at the Adobe special meeting.

All properly executed proxies that are not revoked will be voted at the Adobe special meeting and at any adjournments or postponements of the special meeting in accordance with the instructions contained in the proxy. If a holder of Adobe common stock executes and returns a proxy and does not specify otherwise, the shares represented by that proxy will be voted "FOR" Proposal No. 1 to approve the issuance of shares of Adobe common stock in the merger and "FOR" Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1, in accordance with the recommendation of the Adobe board of directors.

An Adobe stockholder who has submitted a proxy may revoke it at any time before it is voted at the Adobe special meeting by executing and returning a proxy bearing a later date, providing proxy instructions via the telephone or the Internet (your latest telephone or Internet proxy is counted), filing written notice of revocation with the Secretary of Adobe stating that the proxy is revoked or attending the special meeting and voting in person.

Required Vote

The presence, in person or by proxy, at the special meeting of the holders of a majority of the shares of Adobe common stock outstanding and entitled to vote at the special meeting is necessary to constitute a quorum at the meeting. Approval of each of Proposal No. 1 and Proposal No. 2 requires the affirmative vote of the holders of a majority of the votes cast in person or by proxy at the special meeting. Abstentions and broker non-votes will be counted towards a quorum, but will not be counted for any purpose in determining whether either proposal is approved.

As of the record date for the special meeting, the directors and executive officers of Adobe owned approximately % of the outstanding shares of Adobe common stock entitled to vote at the meeting. Bruce R. Chizen, an executive officer and director of Adobe, and Murray J. Demo and Shantanu Narayen, executive officers of Adobe, have each entered into a voting agreement with Macromedia, dated April 17, 2005. They have agreed in the voting agreements to vote all shares of Adobe common stock owned by them as of the record date in favor of the issuance of shares of Adobe common stock in the merger. They also granted Macromedia irrevocable proxies to vote their shares of Adobe common stock in favor of the issuance of shares of Adobe common stock in the merger. Approximately 403,746 shares of Adobe common stock, which represent approximately % of the outstanding shares of Adobe common stock as of the record date, are subject to the voting agreements and irrevocable proxies. For more information regarding the voting agreements see the section entitled "Voting Agreements".

Solicitation of Proxies

In addition to solicitation by mail, the directors, officers, employees and agents of Adobe may solicit proxies from Adobe's stockholders by personal interview, telephone, telegram or otherwise. Adobe will bear the costs of the solicitation of proxies from its stockholders, except that Adobe and Macromedia will each pay one-half of the cost of printing this joint proxy statement/prospectus. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries who are record holders of Adobe common stock for the forwarding of solicitation materials to the beneficial owners of Adobe common stock. Adobe will reimburse these brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses they incur in connection with the forwarding of solicitation materials. Adobe has engaged the services of Innisfree M&A Incorporated to distribute proxy solicitation materials to brokers, banks and other nominees and to assist in the solicitation of proxies from Adobe stockholders for a fee of approximately $20,000 plus reasonable out-of-pocket expenses.

Other Matters

As of the date of this joint proxy statement/prospectus, the Adobe board of directors does not know of any business to be presented at the Adobe special meeting other than as set forth in the notice accompanying this joint proxy statement/prospectus. If any other matters should properly come before the special meeting, it is intended that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting the proxies.

Stockholder Proposals

Stockholder proposals may be included in Adobe's proxy materials for an annual meeting so long as they are provided to Adobe on a timely basis and satisfy the other conditions set forth in applicable SEC rules and regulations. For a stockholder proposal to be included in Adobe's proxy materials for the Adobe annual meeting to be held in 2006, Adobe must receive the proposal at its principal executive offices, addressed to its Secretary, not later than November 14, 2005. In addition, stockholder business that is not intended for inclusion in Adobe's proxy materials may be brought before the Adobe annual meeting so long as Adobe receives notice of the proposal in compliance with the requirements set forth in Adobe's amended and restated bylaws, addressed to its Secretary at Adobe's principal executive offices, not later than November 14, 2005.

THE MACROMEDIA SPECIAL MEETING

Date, Time and Place

The special meeting of Macromedia stockholders will be held on , , 2005, at the principal executive offices of Macromedia located at 601 Townsend Street, San Francisco, California 94103, commencing at p.m. local time. We are sending this joint proxy statement/prospectus to you in connection with the solicitation of proxies by the Macromedia board of directors for use at the Macromedia special meeting and any adjournments or postponements of the special meeting.

Purposes of the Macromedia Special Meeting

The purposes of the Macromedia special meeting are:

- to consider and vote upon Proposal No. 1 to adopt the merger agreement;
- to consider and vote on Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1; and
- to transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Recommendations of Macromedia's Board of Directors

MACROMEDIA'S BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE MERGER IS ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, MACROMEDIA AND ITS STOCKHOLDERS AND HAS UNANIMOUSLY APPROVED THE MERGER AND THE MERGER AGREEMENT. MACROMEDIA'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT MACROMEDIA STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 1 TO ADOPT THE MERGER AGREEMENT.

MACROMEDIA's BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED AND BELIEVES THAT THE PROPOSAL TO ADJOURN THE MACROMEDIA SPECIAL MEETING, IF NECESSARY, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF THE FOREGOING PROPOSAL NO. 1 IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, MACROMEDIA AND ITS STOCKHOLDERS AND HAS UNANIMOUSLY APPROVED AND ADOPTED THE PROPOSAL. ACCORDINGLY, MACROMEDIA'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT MACROMEDIA STOCKHOLDERS VOTE "FOR" PROPOSAL NO. 2 TO ADJOURN THE MACROMEDIA SPECIAL MEETING, IF NECESSARY, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES IN FAVOR OF PROPOSAL NO. 1.

Record Date and Voting Power

Only holders of record of Macromedia common stock at the close of business on the record date, , 2005, are entitled to notice of, and to vote at, the Macromedia special meeting. There were approximately holders of record of Macromedia common stock at the close of business on the record date, with shares of Macromedia common stock issued and outstanding. Each share of Macromedia common stock entitles the holder thereof to one vote on each matter submitted for stockholder approval. See "Security Ownership by Certain Beneficial Owners" for information regarding persons known to the management of Macromedia to be the beneficial owners of more than 5% of the outstanding shares of Macromedia common stock.

Voting and Revocation of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Macromedia for use at the Macromedia special meeting.

All properly executed proxies that are not revoked will be voted at the Macromedia special meeting and at any adjournments or postponements of the special meeting in accordance with the instructions contained in the proxy. If a holder of Macromedia common stock executes and returns a proxy and does not specify otherwise, the shares represented by the proxy will be voted "FOR" Proposal No. 1 to adopt the merger agreement and "FOR" Proposal No. 2 to adjourn the special meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of Proposal No. 1, in accordance with the recommendation of the Macromedia board of directors.

A Macromedia stockholder who has submitted a proxy may revoke it at any time before it is voted at the Macromedia special meeting by executing and returning a proxy bearing a later date, providing proxy instructions via the telephone or the Internet (your latest telephone or Internet proxy is counted), filing written notice of revocation with the Secretary of Macromedia stating that the proxy is revoked or attending the special meeting and voting in person.

Required Vote

The presence, in person or by proxy, at the special meeting of the holders of a majority of the shares of Macromedia common stock outstanding and entitled to vote at the Macromedia special meeting is necessary to constitute a quorum at the Macromedia special meeting. Approval of Proposal No. 1 requires the affirmative vote of the holders of a majority of the voting power of the shares of Macromedia common stock outstanding on the record date of the Macromedia special meeting. Approval of Proposal No. 2 requires the affirmative vote of holders of a majority of the votes cast in person or by proxy at the Macromedia special meeting. Abstentions will be counted towards a quorum and will have the same effect as negative votes on Proposal No. 1, but will not be counted for any purpose in determining whether Proposal No. 2 is approved. Broker non-votes will be counted towards a quorum, but will not be counted for any purpose in determining whether either proposal is approved.

As of the record date for the Macromedia special meeting, the directors and executive officers of Macromedia owned approximately % of the outstanding shares of Macromedia common stock entitled to vote at the meeting. Robert K. Burgess, Stephen A. Elop and Elizabeth A. Nelson, each an executive officer and director of Macromedia, have each entered into a voting agreement with Adobe dated April 17, 2005. They have agreed in the voting agreements to vote all shares of Macromedia common stock owned by them as of the record date in favor of the adoption of the merger agreement. They also granted Adobe irrevocable proxies to vote their shares of Macromedia common stock in favor of the adoption of the merger agreement. Approximately 308,194 shares of Macromedia common stock, which represent approximately % of the outstanding shares of Macromedia common stock as of the record date, are subject to the voting agreements and irrevocable proxies. For more information regarding the voting agreements, see the section entitled "Voting Agreements".

Solicitation of Proxies

In addition to solicitation by mail, the directors, officers, employees and agents of Macromedia may solicit proxies from Macromedia stockholders by personal interview, telephone, telegram or otherwise. Macromedia will bear the costs of the solicitation of proxies from its stockholders, except that Adobe and Macromedia will each pay one-half of the cost of printing this joint proxy statement/prospectus. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries who are record holders of Macromedia common stock for the forwarding of solicitation materials to the beneficial owners of Macromedia common stock. Macromedia will reimburse these brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses they incur in connection with the forwarding of solicitation materials. In connection with this joint proxy statement/prospectus, Macromedia has retained a proxy solicitation firm, The Altman Group, Inc., to aid in the solicitation process and will pay it a fee of approximately $3,500 for its services, plus any reasonable expenses incurred in connection with the solicitation.

Other Matters

As of the date of this joint proxy statement/prospectus, the Macromedia board of directors does not know of any business to be presented at the Macromedia special meeting other than as set forth in the notice accompanying this joint proxy statement/prospectus. If any other matters should properly come before the special meeting, it is intended that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting the proxies.

Stockholder Proposals

Stockholder proposals may be included in Macromedia's proxy materials for an annual meeting so long as they are provided to Macromedia on a timely basis and satisfy the other conditions set forth in applicable SEC rules and regulations. For a stockholder proposal to be included in Macromedia's proxy materials for the Macromedia annual meeting to be held in 2006, Macromedia must have received the proposal at its principal executive offices, addressed to its Secretary, not later than February 21, 2006. In addition, stockholder business that is not intended for inclusion in Macromedia's proxy materials may be brought before the Macromedia annual meeting so long as Macromedia receives notice of the proposal in compliance with the requirements set forth in Macromedia's amended and restated bylaws, addressed to its Secretary at Macromedia's principal executive offices, no earlier than April 12, 2006 and no later than May 12, 2006.

ADOBE PROPOSAL NO. 1 AND MACROMEDIA PROPOSAL NO. 1

THE MERGER

Unless specifically stated otherwise, the following information and all other information contained in this joint proxy statement/prospectus, including that regarding the exchange ratio pursuant to the merger agreement, gives effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

General Description of the Merger

At the effective time, Merger Sub will be merged with and into Macromedia. Macromedia will be the surviving corporation and will continue as a wholly owned subsidiary of Adobe. In the merger, each share of Macromedia common stock outstanding at the effective time will automatically be converted into the right to receive 1.38 shares of Adobe common stock. Each Macromedia stockholder who would otherwise be entitled to receive a fraction of a share of Adobe common stock (after aggregating all fractional shares to be received by such stockholder) will instead be paid in cash for such fractional share.

Based on the number of shares of Adobe common stock and Macromedia common stock outstanding as of the record date, up to shares of Adobe common stock will be issuable pursuant to the merger agreement, representing approximately % of the total Adobe common stock to be outstanding after such issuance. This assumes that no Macromedia or Adobe stock options are exercised after the record date and prior to the effective time of the merger.

Background

From time to time, Adobe has analyzed various potential acquisition candidates, including Macromedia.

From 2000 to July 2002, Adobe and Macromedia were involved in patent litigation. Following the settlement of this litigation, Bruce R. Chizen, Adobe's Chief Executive Officer, and Robert K. Burgess, Macromedia's Chairman of the Board and then-Chief Executive Officer, became better acquainted, speaking occasionally by telephone or in person.

In September 2004, Messrs. Burgess and Chizen discussed the possibility of a business combination involving the two companies.

On September 22, 2004, the Adobe board of directors held a meeting at which Mr. Chizen informed the board of his conversation with Mr. Burgess. The board determined that Adobe, in conjunction with its annual strategic planning process, should internally review whether a business combination with Macromedia would be strategic. Following that meeting, Mr. Chizen indicated to Mr. Burgess that Adobe was involved in internal strategic planning and would not be pursuing a business combination at that time.

On January 11, 2005, the Adobe board of directors held a meeting at which Adobe management made a presentation regarding the possible strategic fit between Macromedia and Adobe. The board requested further analysis and information and did not make any decision about pursuing a business combination with Macromedia.

On January 21, 2005, the Adobe board of directors held a meeting at which Adobe management presented to the board the further analysis and information that the board had requested at the January 11, 2005 board meeting. Following the presentation, the board approved initiating discussions with Macromedia regarding a potential business combination and working with Goldman Sachs, as Adobe's financial advisor, and Cooley Godward, as Adobe's outside legal counsel, regarding such a potential business combination. Following this meeting, on January 21, 2005, Mr. Chizen contacted

Mr. Burgess and expressed Adobe's interest in initiating discussions regarding a potential business combination with Macromedia.

On January 28, 2005, Mr. Chizen, Shantanu Narayen, Adobe's President and Chief Operating Officer, Murray J. Demo, Adobe's Senior Vice President and Chief Financial Officer, and Karen O. Cottle, Adobe's Senior Vice President and General Counsel, met with Mr. Burgess, who, on January 19, 2005, had resigned as Chief Executive Officer of Macromedia and assumed the role of Executive Chairman of Macromedia, Stephen A. Elop, Macromedia's then- and current Chief Executive Officer, Elizabeth A. Nelson, Macromedia's Executive Vice President and Chief Financial Officer, Kevin Lynch, Macromedia's Executive Vice President and Chief Software Architect, and Loren Hillberg, Macromedia's then-General Counsel, to better understand the respective businesses at a high level and the company cultures in order to decide whether to move forward with further discussions. Following the meeting, the parties determined to move forward with further discussions.

From January 28 to February 9, 2005, representatives of Adobe, Cooley Godward, Macromedia and Fenwick & West, Macromedia's outside legal counsel, held telephone conferences to negotiate the terms of a nondisclosure agreement and establish the procedures for preliminary financial due diligence. The nondisclosure agreement was executed on February 9, 2005. Neither the nondisclosure agreement nor any other agreement in effect between Adobe and Macromedia prior to the execution of the merger agreement contained any provision that prevented Macromedia from discussing potential business combinations with other parties.

On February 1 and February 7, 2005, Mr. Demo and representatives of Goldman Sachs met with Ms. Nelson and representatives of Morgan Stanley, Macromedia's financial advisor, and engaged in preliminary financial due diligence discussions regarding Macromedia's business.

On February 10, 2005, Messrs. Chizen, Narayen and Demo and Ms. Cottle, together with representatives of Goldman Sachs, met with Messrs. Burgess, Elop and Hillberg and Ms. Nelson, together with representatives of Morgan Stanley, and discussed Adobe's and Macromedia's respective businesses, strategies and financial position. They also discussed general strategic benefits of a potential business combination.

On February 11, 2005, Mr. Demo and two other finance employees from Adobe met with Ms. Nelson for further due diligence related to Macromedia's financial position.

On February 19, 2005, at a meeting of the Adobe board of directors, the directors discussed the potential business combination. Representatives of Cooley Godward reviewed with the board the board's fiduciary obligations, management reviewed with the board its views of the strategic rationale for the potential business combination and Goldman Sachs presented a financial analysis relating to the potential business combination. At that meeting, the board authorized Adobe to present a proposal to Macromedia for a potential business combination.

On February 20, 2005, Mr. Chizen had a telephone conversation with Mr. Burgess and communicated that a proposal would be forthcoming from Adobe's financial advisor, Goldman Sachs.

On February 22, 2005, Goldman Sachs orally delivered a proposal by Adobe regarding a potential business combination to Morgan Stanley.

On February 23, 2005, the Macromedia board of directors held a meeting at which Mr. Burgess reviewed with the board the status of the discussions with Adobe, including the proposal presented by Adobe. Macromedia management reviewed business and financial information regarding Adobe and strategic and operational considerations relating to the potential business combination. Representatives of Morgan Stanley reviewed with the board financial considerations relating to the potential business combination. The Macromedia board determined that the proposal made by Adobe was not sufficiently attractive to warrant further consideration. Mr. Burgess communicated the Macromedia board's determination to Mr. Chizen that same day. Following such communication, both companies discontinued further work on the potential business combination.

On February 28, 2005, at a meeting of the Adobe board of directors, Mr. Chizen informed the board of Macromedia's rejection of the Adobe proposal and indicated that the potential business combination would no longer be moving forward.

On March 21, 2005, Messrs. Chizen and Burgess discussed whether to re-engage in discussions regarding the potential business combination.

At the March 22-23, 2005 Adobe board of directors meeting, Mr. Chizen informed the board of his discussion with Mr. Burgess and the Adobe board requested that Mr. Chizen re-engage in discussions with Mr. Burgess regarding the potential business combination.

On March 23, 2005, Mr. Chizen called Mr. Burgess to inform him that Adobe was interested in re-opening discussions with respect to a potential business combination.

On March 25, 2005, the Macromedia board of directors held a meeting at which Mr. Burgess provided the board with an update on recent discussions with Mr. Chizen regarding the potential business combination with Adobe. Representatives of Morgan Stanley discussed with the board various financial and strategic aspects of a potential business combination with Adobe. Representatives of Fenwick & West reviewed with the board the fiduciary duties of Macromedia's directors in connection with a potential business combination. The Macromedia board considered, with input from both its legal and financial advisors, possible strategic alternatives to a potential business combination with Adobe, including the possibility of remaining an independent entity and the possibility of contacting other parties regarding a business combination. The Macromedia board, with the advice of senior management of Macromedia and its legal and financial advisors, also considered and discussed various matters relating to the potential business combination with Adobe, including the strategic value of such a combination and potential synergies to be derived from such a combination and possible terms and valuations under which such a combination should be further pursued. At the conclusion of this meeting, the Macromedia board expressed support for continuing discussions regarding a potential business combination with Adobe.

On March 28, 2005, Messrs. Chizen, Narayen and Demo and representatives of Goldman Sachs and Cooley Godward met with Messrs. Burgess and Elop and Ms. Nelson and representatives of Morgan Stanley and Fenwick & West. At the meeting, the parties discussed Adobe's and Macromedia's respective businesses, strategies, competitive environments, financial results and prospects. They also discussed the potential strategic benefits and risks of a potential business combination. The parties expressed their views on key terms for a potential business combination. Following the meeting, in separate conversations, Mr. Chizen contacted Mr. Burgess and representatives of Goldman Sachs contacted representatives of Morgan Stanley to communicate a new proposal for the potential business combination.

On March 30, 2005, the Macromedia board of directors held a meeting at which Mr. Burgess provided an update on the March 28, 2005 discussions with representatives of Adobe, as well as the subsequent conversation Mr. Burgess had with Mr. Chizen, regarding the potential business combination. Representatives of Morgan Stanley updated the board with respect to its ongoing financial analysis regarding the potential business combination. The Macromedia board continued its discussion of the potential business combination, including the strategic rationale for such a business combination, as well as the relative potential benefits and risks of combining with Adobe compared to the benefits and risks of remaining an independent entity. At the conclusion of this meeting, the Macromedia board expressed support for continuing discussions regarding a potential business combination with Adobe.

On April 1, 2005, at a meeting of the Adobe board of directors, Mr. Chizen and a representative of Goldman Sachs provided the board with an update on the discussions with representatives of

Macromedia. Representatives of Goldman Sachs updated the board with respect to its ongoing financial analysis regarding the potential business combination. The Adobe board continued its discussion, with input from both its legal and financial advisors, of the potential business combination, including the strategic rationale for a business combination, as well as the potential benefits and risks of combining with Macromedia. At the conclusion of this meeting, the Adobe board authorized management to continue discussions regarding the potential business combination.

On April 2, 2005, the Macromedia board of directors met and discussed the potential business combination with Adobe. Messrs. Chizen, Narayen and Demo and John D. Brennan, Senior Vice President, Corporate Development of Adobe, provided to the Macromedia board an overview of Adobe's business and Adobe's strategic rationale for a business combination. The Macromedia board continued its discussion, with input from both its legal and financial advisors, of the potential business combination, including the strategic rationale for such a business combination, as well as the potential benefits and risks of combining with Adobe. Representatives of Fenwick & West further reviewed with the Macromedia board considerations involved in the potential business combination. At the conclusion of this meeting, the Macromedia board expressed support for continuing discussions regarding the potential business combination.

Between April 2 and April 17, 2005, Messrs. Chizen, Narayen, Demo and Brennan and other Adobe executives met numerous times with Messrs. Burgess and Elop, Ms. Nelson and other Macromedia executives to discuss the potential business combination. During this period, Adobe and its advisors reviewed due diligence materials relating to Macromedia provided by Macromedia and Fenwick & West, requested and reviewed additional materials relating to Macromedia and engaged in due diligence discussions with their counterparts. During this period, representatives of Macromedia and its advisors met with representatives of Adobe and its advisors to engage in due diligence discussions regarding Adobe.

On April 5, 2005, Cooley Godward delivered a draft of the merger agreement to Macromedia and Fenwick & West. On April 8, 2005, Fenwick & West delivered proposed revisions to the draft merger agreement to Adobe and Cooley Godward.

Between April 10 and April 17, 2005, in addition to continuing their due diligence investigations of each other, Adobe and Macromedia, along with their respective legal advisors, negotiated the terms of the merger agreement and discussed potential management employment agreements and other employee matters.

On April 16, 2005, the Adobe board of directors held a meeting at which Adobe senior management made presentations to the board regarding the proposed business combination with Macromedia, including the due diligence investigation regarding Macromedia by Adobe and its advisors, the proposed post-merger stock repurchase program of up to $1 billion and organizational and integration matters. Representatives of Goldman Sachs presented its financial analysis regarding the potential business combination. Representatives of Cooley Godward reviewed with the board the proposed terms of the merger agreement, the voting agreements to be entered into by Adobe with directors and executive officers of Macromedia, the irrevocable proxies to be granted to Adobe by such directors and executive officers and related matters. The Adobe board continued its discussion of the potential business combination, including the strategic rationale for such a business combination, as well as the relative potential benefits and risks of combining with Macromedia. Based on the financial analysis and the due diligence presentations, and after extensive board discussion, the Adobe board determined to propose an exchange ratio of 0.69 shares of Adobe common stock for each share of Macromedia common stock (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

On April 16, 2005, Mr. Chizen informed Mr. Burgess that the Adobe board of directors had determined to propose an exchange ratio of 0.69 shares of Adobe common stock for each share of Macromedia common stock (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

On April 17, 2005, the Macromedia board of directors held a meeting at which the proposed merger was discussed and considered. Mr. Burgess provided the board an update on the Adobe board of directors' authorization of the proposed exchange ratio of 1.38 shares of Adobe common stock for each share of Macromedia common stock. At this meeting, Macromedia senior management and representatives of Morgan Stanley made presentations to the board regarding the proposed merger. Representatives of Fenwick & West reviewed in detail with the board the outcome of further negotiations and the terms of the merger agreement and related agreements, as well as the fiduciary duties of the Macromedia board. The Macromedia board was apprised of the interests of certain members of Macromedia management in the proposed merger. For more information, see the section entitled "Interests of Macromedia's Executive Officers and Directors in the Merger" below. Morgan Stanley reviewed with the board the financial terms of the proposed merger and delivered its oral opinion, subsequently confirmed in writing as of the same date, to the Macromedia board of directors that, as of April 17, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in its opinion, the exchange ratio, as set forth in the merger agreement, was fair from a financial point of view to the holders of Macromedia common stock. Following the presentations, and after further review and discussion, the board unanimously voted to approve the merger and related matters and resolved to recommend that Macromedia stockholders adopt the merger agreement.

On April 17, 2005, the Adobe board of directors held a meeting at which the proposed merger was discussed and considered. Goldman Sachs reviewed the financial terms of the proposed merger and delivered its oral opinion, subsequently confirmed in writing as of the same date, that, as of April 17, 2005 and based on and subject to the factors and assumptions set forth in its opinion, the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair to Adobe from a financial point of view (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005). Following the presentation, and after further review and discussion, the board unanimously approved the merger and related matters and recommended that Adobe stockholders approve the issuance of shares of Adobe common stock in the merger.

Following the meetings of Adobe's and Macromedia's respective boards of directors on April 17, 2005, the parties signed the merger agreement. The signing of the merger agreement was publicly announced on April 18, 2005, prior to the opening of the NASDAQ National Market.

Reasons for the Merger

The following discussion of the parties' reasons for the merger contains a number of forward-looking statements that reflect the current views of Adobe and/or Macromedia with respect to future events that may have an effect on their future financial performance. Forward-looking statements are subject to risks and uncertainties. Actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Cautionary statements that identify important factors that could cause or contribute to differences in results and outcomes include those discussed in "Summary Forward-Looking Information" and "Risk Factors."

Mutual Reasons for the Merger

Integration of Products and Technologies. We believe that Adobe and Macromedia together can meet more of our customers' needs by integrating our products and technologies to help them communicate better. Many of our customer segments are complementary and in many cases customers in those segments are using products from both companies. The combination of leading development, authoring and collaboration tools, and the complementary functionality of Macromedia Flash and Adobe PDF, are expected to create significant product synergies for our customers. We expect that the combined company will be able to offer increased productivity through streamlined workflow and tighter integration. We believe that, together, Adobe and Macromedia will offer a broad set of products and benefits for customers, including the following:

- for creative professionals, a more robust authoring and development environment to create, manage and deliver information;
- for web developers, a better workflow with tighter integration and easier repurposing of content;
- for digital video professionals, a broader solution that extends to delivery of rich video over the Internet;
- for mobile consumers, developers, content providers and operators, a broader set of offerings for delivering rich mobile content;
- for business users, a richer environment for collaboration that enables both on-line and off-line collaboration;
- for enterprises and enterprise developers, a more complete set of development tools and solutions that help connect back-end systems to people and processes; and
- for key verticals such as government and education, more comprehensive solutions tailored to their specific needs.

More effective solutions for customers in turn create opportunities for increased sales of the combined company's products.

Increased Innovation and Development. The combined company has the opportunity to define a robust technology platform that delivers compelling, rich content across a wide range of devices and operating systems. We believe that combining the creativity and operational capacities of two leading software companies will allow Adobe and Macromedia to better serve customers by accelerating innovations that change how people experience and interact with information. We believe that the combined company will have significant opportunity to grow into new markets, particularly around non-PC device and enterprise customers. We believe that these opportunities will allow Adobe and Macromedia to better achieve the following goals:

- offering customers a broad set of tools, services and solutions for design, digital media, documents, and collaboration;
- developing new market opportunities around non-PC device and enterprise solutions that build upon the combined company's platforms; and
- enabling the deployment of an industry-defining, cross-media, rich-client technology platform across multiple operating systems and devices, through the complementary functionality of Macromedia Flash and Adobe PDF.

Scale to Better Compete. We believe that the software industry is in a period of consolidation and that there is a developing trend for customers to source a larger portion of their software needs from a smaller number of suppliers. We believe that the combined company will have the scale to better compete in this environment.

Experienced Management Team. It is expected that the combined company will be led by a combination of experienced senior management from both Adobe and Macromedia, which will provide management continuity to support the integration of the two companies.

Adobe's Reasons for the Merger

In addition to considering the strategic factors outlined above, the Adobe board of directors considered the following factors in reaching its conclusion to approve the merger and to recommend that the Adobe stockholders approve the issuance of shares of Adobe common stock in the merger, all of which it viewed as generally supporting its decision to approve the business combination with Macromedia:

- the complementary nature of Adobe's and Macromedia's product lines;
- the potential opportunity for the two companies to integrate their software solutions to meet a wider set of customer needs and to combine their technological resources to develop new products with increased functionality and bring them to market faster;
- the board's and management's assessment that the merger and Macromedia's operating strategy are consistent with Adobe's long-term strategic objectives to grow into new markets, particularly the non-PC device and enterprise segments;
- the competitive and market environments in which Adobe and Macromedia operate, including Microsoft's position in those environments, and the potential for the merger to enhance Adobe's ability to compete effectively in those environments;
- historical and current information about each of the combining companies and their businesses, prospects, financial performance and condition, operations, technology, management and competitive position, before and after giving effect to the merger and the merger's potential effect on stockholder value, including public reports filed with the SEC, analyst estimates, market data and management's knowledge of the software industry;
- the opinion of Adobe's financial advisor that, as of April 17, 2005 and based on and subject to the factors and assumptions set forth in the opinion, the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair to Adobe from a financial point of view, and the related financial analyses and presentations (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005);
- the results of the due diligence review of Macromedia's businesses and operations by Adobe's management, legal advisors and financial advisors;
- the terms and conditions of the merger agreement, including the following related factors:
  - the determination that an exchange ratio that is fixed and not subject to adjustment is appropriate to reflect the strategic purpose of the merger and consistent with market practice for a merger of this type and that a fixed exchange ratio fairly captures the respective ownership interests of the Adobe and Macromedia stockholders in the combined company based on valuations of Adobe and Macromedia at the time of the board's approval of the merger agreement and avoids fluctuations caused by near-term market volatility;
  - the reciprocal requirement that the merger agreement be submitted to a vote of the stockholders of Macromedia and that the issuance of shares of Adobe common stock in the merger be submitted to a vote of the stockholders of Adobe;

the fact that the merger agreement is not subject to termination solely as a result of any change in the trading price of either Adobe's or Macromedia's stock between signing of the merger agreement and consummation of the merger;

the nature of the conditions to Macromedia's obligation to consummate the merger and the limited risk of non-satisfaction of such conditions;

the no-solicitation provisions governing Macromedia's ability to engage in negotiations with, provide any confidential information or data to, and otherwise have discussions with, any person relating to an alternative acquisition proposal;

the limited ability of the parties to terminate the merger agreement; and

the possible effects of the provisions regarding termination fees;

the likelihood that the merger will be consummated on a timely basis, including the likelihood that the merger will receive all necessary regulatory antitrust approvals; and

the likelihood of retaining key Macromedia employees to help manage the combined entity.

Adobe's board of directors also considered the potential risks of the merger, including the following:

the risks, challenges and costs inherent in combining the operations of two major software companies and the substantial expenses to be incurred in connection with the merger, including the possibility that delays or difficulties in completing the integration could adversely affect the combined company's operating results and preclude the achievement of some benefits anticipated from the merger;

the possible volatility, at least in the short term, of the trading price of Adobe's common stock resulting from the merger announcement;

the possible loss of key management, technical or other personnel of either of the combining companies as a result of the management and other changes that will be implemented in integrating the businesses;

the risk of diverting management's attention from other strategic priorities to implement merger integration efforts;

the negative impact of any customer reductions or delays in purchase commitments after the announcement of the merger;

the risk that regulators would require the satisfaction of certain regulatory conditions that may have the effect of imposing additional costs on Adobe or otherwise substantially reducing the benefits to Adobe if the merger is consummated;

the potential loss of one or more large customers or partners of either company as a result of any such customer's or partner's unwillingness to do business with the combined company;

the possibility that the reactions of existing and potential competitors to the combination of the two businesses could adversely impact the competitive environment in which the companies operate;

the risk that the merger might not be consummated in a timely manner or at all;

the risk to Adobe's business, sales, operations and financial results in the event that the merger is not consummated;

the risk that the anticipated benefits of product integration and interoperability and cost savings will not be realized;

- the potential incompatibility of business cultures; and

- various other applicable risks associated with the combined company and the merger, including those described in the section of this joint proxy statement/prospectus entitled "Risk Factors."

The foregoing information and factors considered by Adobe's board of directors are not intended to be exhaustive but are believed to include all of the material factors considered by Adobe's board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Adobe board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, individual members of the Adobe board of directors may have given different weight to different factors. The Adobe board of directors conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, Adobe's management and Adobe's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

Macromedia's Reasons for the Merger

In addition to considering the strategic factors outlined above, the Macromedia board of directors considered the following factors in reaching its conclusion to approve the merger and to recommend that the Macromedia stockholders adopt the merger agreement, all of which it viewed as generally supporting its decision to approve the business combination with Adobe:

- the complementary nature of Adobe's and Macromedia's product lines;

- the potential opportunity for the two companies to combine their technological resources to develop new products with increased functionality and bring them to market faster;

- the potential availability of greater resources for product marketing and distribution;

- the board's and management's assessment that the merger and Adobe's operating strategy are consistent with Macromedia's long-term operating strategy to grow its business by expanding the scope, platform coverage and depth and breadth of product offerings;

- the importance of scale in the increasingly competitive market environments in which Macromedia and Adobe operate, and the potential for the merger to enhance Macromedia's ability to compete effectively in those environments;

- historical and current information concerning Macromedia's and Adobe's respective businesses, financial performance and condition, operations, management, competitive positions and prospects, before and after giving effect to the merger and the merger's potential effect on stockholder value;

- providing Macromedia stockholders with shares of Adobe common stock in a tax-free exchange at a premium over the market price for Macromedia common stock prior to the announcement of the merger; and

- the opinion of Macromedia's financial advisor that, as of April 17, 2005 and based on and subject to the assumptions, qualifications and limitations set forth in the opinion, the exchange ratio of 0.69 of a share of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair, from a financial point of view, to holders of Macromedia common stock, and the related financial analyses (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005);

- the results of the due diligence review of Adobe's businesses and operations;

the terms and conditions of the merger agreement, including the following related factors:

the expectation that the merger will be treated as a tax-free reorganization for U.S. federal income tax purposes, with the result that the Macromedia stockholders will generally not recognize taxable gain or loss for U.S. federal income tax purposes;

the determination that an exchange ratio that is fixed and not subject to adjustment is appropriate to reflect the strategic purpose of the merger and consistent with market practice for a merger of this type and that a fixed exchange ratio fairly captures the respective ownership interests of the Macromedia and Adobe stockholders in the combined company based on valuations of Macromedia and Adobe at the time of the board's approval of the merger agreement and avoids fluctuations caused by near-term market volatility;

the fact that shares of Adobe common stock issued to Macromedia stockholders will be registered on Form S-4 and will be freely tradable for Macromedia stockholders who are not affiliates of Macromedia;

the reciprocal requirement that the merger agreement be submitted to a vote of the stockholders of Macromedia and that the issuance of shares of Adobe common stock in the merger be submitted to a vote of the stockholders of Adobe;

the fact that the merger agreement is not subject to termination solely as a result of any change in the trading price of either Macromedia's or Adobe's stock between signing of the merger agreement and consummation of the merger;

the limited number and nature of the conditions to Adobe's obligation to consummate the merger and the limited risk of non-satisfaction of such conditions;

Macromedia's rights under the merger agreement to consider certain unsolicited acquisition proposals and to change its recommendation to Macromedia stockholders to adopt the merger agreement under certain circumstances should Macromedia receive a superior proposal, and the limited number of Macromedia shares that would be covered by voting agreements and irrevocable proxies;

the conclusion of Macromedia's board of directors that the $103.2 million termination fee, and the circumstances when such fee may be payable, were reasonable in light of the benefits of the merger and commercial practice; and

the likelihood that the merger will be consummated on a timely basis, including the likelihood that the merger will receive all necessary regulatory antitrust approvals.

Macromedia's board of directors also considered the potential risks of the merger, including the following:

the challenges and costs of combining the operations of two major software companies and the substantial expenses to be incurred in connection with the merger, including the risks that delays or difficulties in completing the integration could adversely affect the combined company's operating results and preclude the achievement of some benefits anticipated from the merger;

the price volatility of Adobe's common stock, which may reduce the value of the Adobe common stock that Macromedia stockholders will receive upon the consummation of the merger;

the inability of Macromedia's stockholders to realize the long-term value of the successful execution of Macromedia's current strategy as an independent company;

the possible loss of key management, technical or other personnel of either of the combining companies as a result of the management and other changes that will be implemented in integrating the businesses;

the $103.2 million termination fee payable to Adobe upon the occurrence of certain events, and the potential effect of such termination fee in deterring other potential acquirors from proposing an alternative transaction that may be more advantageous to Macromedia stockholders;

the risk of diverting management's attention from other strategic priorities to implement merger integration efforts;

the negative impact of any customer confusion or delay in purchase commitments after the announcement of the merger;

the risk that the merger might not be consummated in a timely manner or at all;

the risk to Macromedia's business, sales, operations and financial results in the event that the merger is not consummated;

the risk that the anticipated benefits of product integration and interoperability and cost savings will not be realized; and

various other applicable risks associated with the combined company and the merger, including those described in the section of this joint proxy statement/prospectus entitled "Risk Factors."

The foregoing information and factors considered by Macromedia's board of directors are not intended to be exhaustive but are believed to include all of the material factors considered by Macromedia's board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Macromedia board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, individual members of the Macromedia board of directors may have given different weight to different factors. The Macromedia board of directors conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, Macromedia's management and Macromedia's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

Opinion of Adobe's Financial Advisor

Goldman, Sachs & Co. delivered its opinion to Adobe's board of directors that, as of April 17, 2005 and based on and subject to the factors and assumptions set forth in the opinion, the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement was fair to Adobe from a financial point of view. The exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

The full text of the written opinion of Goldman Sachs, dated April 17, 2005, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex D. Goldman Sachs provided its opinion for the information and assistance of Adobe's board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Adobe common stock should vote with respect to the issuance of shares of Adobe common stock in the merger.

Please note that the references to the exchange ratio and the market price of Adobe common stock contained in the written opinion of Goldman Sachs attached to this joint proxy statement/prospectus as Annex D and the following summary of the material financial analyses of Goldman Sachs do not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to stockholders and Annual Reports on Form 10-K of Adobe and Macromedia for the five fiscal years ended December 3, 2004, in the case of Adobe, and March 31, 2004, in the case of Macromedia;
- Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any other reports filed pursuant to the Securities Exchange Act of 1934 by Adobe and Macromedia;
- other communications from Adobe and Macromedia to their respective stockholders;
- internal financial analyses and forecasts for Macromedia prepared by its management;
- internal financial analyses and forecasts for Adobe prepared by its management; and
- financial analyses and forecasts for Macromedia prepared by the management of Adobe, including cost savings and operating synergies projected by the management of Adobe to result from the merger, which are referred to in this discussion as the Synergies.

Goldman Sachs also held discussions with members of the senior managements of Adobe and Macromedia regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of Adobe and Macromedia. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of Adobe common stock and the shares of Macromedia common stock, compared financial and stock market information for Adobe and Macromedia with similar information for other companies the securities of which are publicly traded, reviewed the financial terms of recent business combinations in the software industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with, or reviewed by, it and assumed the accuracy and completeness of this information for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed, with the consent of Adobe's board of directors, that the forecasts reviewed by Goldman Sachs were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Adobe. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on Adobe or Macromedia or on the expected benefits of the merger in any way meaningful to its analysis. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Adobe or Macromedia or any of their respective subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of Adobe or Macromedia or any of their respective subsidiaries furnished to Goldman Sachs. Goldman Sachs' opinion does not address the underlying business decision of Adobe to engage in the merger, nor did Goldman Sachs express any opinion as to the prices at which shares of Adobe common stock will trade at any time.

The following is a summary of the material financial analyses presented by Goldman Sachs to Adobe's board of directors in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following opinion is based on financial and other conditions in effect on, and the estimates and other information made available to Goldman Sachs as of, April 17, 2005 and, to the extent it reflects market data, is based on market data as it existed on or before April 15, 2005. Events occurring after such date may affect this opinion and the assumptions used in preparing it, and in particular market data is not necessarily indicative of current market conditions.

Historical Stock Price Analysis. Goldman Sachs reviewed the historical high, median and low closing prices of Adobe common stock and Macromedia common stock for the six-month, one-year, two-year and three-year periods ended April 15, 2005. The following table presents the results of this review:

	Adobe			Macromedia		
	High(1)	**Median(1)**	**Low(1)**	**High**	**Median**	**Low**
Six-Month Period Ended April 15, 2005	$ 68.39	$ 61.55	$ 51.48	$ 36.89	$ 31.13	$ 22.39
One-Year Period Ended April 15, 2005	68.39	52.01	39.70	36.89	24.98	18.21
Two-Year Period Ended April 15, 2005	68.39	42.58	30.92	36.89	21.60	11.97
Three-Year Period Ended April 15, 2005	68.39	38.65	16.70	36.89	19.74	5.99

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Historical Price to Earnings Ratio Analysis. Goldman Sachs reviewed the historical price to earnings ratios for Adobe and Macromedia for calendar years 1999, 2000, 2001, 2002, 2003, 2004, 2005 (through April 15, 2005) and as of April 15, 2005. The historical price to earnings ratios were determined by dividing the closing price per share of Adobe common stock and Macromedia common stock, respectively, by the daily median next-twelve-month rolling earnings per share projections for Adobe and Macromedia, respectively, provided by Institutional Brokers Estimate System, which is referred to in this discussion as IBES, which is a data service that compiles estimates issued by securities research analysts. Goldman Sachs also calculated the Macromedia median price to earnings ratio as a percentage of the Adobe median price to earnings ratio for each of these respective periods. The following table presents the results of these calculations:

	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005 Year to Date**	**As of April 15, 2005**
Adobe Median Price to Earnings Ratio	27.1x	54.3x	30.6x	29.0x	31.6x	29.9x	31.1x	28.2x
Macromedia Median Price to Earnings Ratio	58.5x	77.9x	21.3x	43.8x	33.7x	30.2x	36.0x	33.3x
Macromedia Median Price to Earnings Ratio as a Percentage of Adobe Median Price to Earnings Ratio	216%	143%	70%	151%	107%	101%	116%	118%

Historical Exchange Ratio Analysis. Goldman Sachs reviewed the implied historical exchange ratios determined by dividing the closing price per share of Macromedia common stock by the closing price per share of Adobe common stock over the five-day, 10-day, 20-day, 30-day, 60-day, 90-day, 180-day and 360-day trading periods ended April 15, 2005, as well as the implied premium of the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005) to the implied historical exchange ratios and the closing price per share of Macromedia common stock over each of the respective trading periods. The following table presents the results of these calculations:

Historical Period	Implied Historical Exchange Ratio(1)	Implied Premium of Actual Exchange Ratio to Implied Historical Exchange Ratio(1)	Implied Premium of Actual Exchange Ratio to Historical Macromedia Share Price(1)
April 15, 2005	0.5514	25.1%	25.1%
Five-Day Average	0.5475	26.0%	18.4%
10-Day Average	0.5298	30.2%	19.8%
20-Day Average	0.5174	33.3%	21.8%
30-Day Average	0.5235	31.8%	21.6%
60-Day Average	0.5433	27.0%	21.8%
90-Day Average	0.5215	32.3%	28.5%
180-Day Average	0.4816	43.3%	51.2%
360-Day Average	0.4925	40.1%	73.5%

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information for Adobe and Macromedia to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the digital media and content management sectors of the software industry:

Digital Media

- Autodesk, Inc.
- Avid Technology, Inc.
- Getty Images, Inc.
- Openwave Systems Inc.
- RealNetworks, Inc.
- WebEx Communications, Inc.

Content Management

- Actuate Corporation
- FileNet Corporation

Interwoven, Inc.

Open Text Corporation

Stellent, Inc.

Vignette Corporation

Although none of the selected companies is directly comparable to Adobe or Macromedia, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Adobe and Macromedia.

Goldman Sachs also calculated and compared various financial multiples and ratios based on historical financial data as of April 15, 2005, information obtained from SEC filings and estimates provided by IBES. The multiples and ratios of Adobe, Macromedia and each of the selected companies were based on estimates provided by IBES and the most recent publicly available information and were calculated using closing stock prices on April 15, 2005. With respect to Adobe, Macromedia and the selected companies, Goldman Sachs calculated the multiple of price to calendar year 2005 and 2006 IBES estimated earnings. For purposes of these calculations, Goldman Sachs adjusted each (a) Adobe November 30 fiscal year end to a December 31 calendar year end and (b) Macromedia March 31 fiscal year end to a December 31 calendar year end. The following table presents the results of this analysis:

	Selected Companies				
	Range	**Mean**	**Median**	**Adobe**	**Macromedia**
Price/2005 CYE Earnings	14.2x - 56.0x	27.5x	27.1x	28.5x	33.3x
Price/2006 CYE Earnings	12.6x - 56.0x	23.6x	22.7x	26.0x	27.0x

Goldman Sachs also calculated the ratio of price to calendar year 2006 IBES estimated earnings as a multiple of IBES median five-year earnings per share compound annual growth rate. The following table presents the results of this analysis:

	Selected Companies		
	Range	**Adobe**	**Macromedia**
Price/2006 CYE Earnings	12.6x - 56.0x	26.0x	27.0x
Estimated 5-Year Earnings Per Share Compound Annual Growth Rate	12.0% - 30.0%	15.0%	20.0%
Ratio of Calendar 2006 Price to Earnings Ratio to 5-Year EPS Compound Annual Growth Rate	0.7x - 2.0x	1.7x	1.3x

Pro Forma Merger Analysis. Goldman Sachs analyzed the potential pro forma impact of the merger on cash earnings per share, which is defined as GAAP earnings per share adjusted for purchase accounting adjustments, including deferred revenue write-down and amortization of intangibles and other one-time costs, and earnings per share including deferred revenue adjustment and amortization of intangibles from the point of view of the holders of Adobe common stock prior to the merger based upon (a) earnings estimates provided by Fulcrum Global Partners LLC, in the case of Adobe, and RBC Capital Markets, in the case of Macromedia, which are collectively referred to in this discussion as the Street Case, and (b) earnings estimates for Adobe and Macromedia based on estimates for Adobe and Macromedia arising from projections prepared by Adobe's management, which is referred to in this discussion as the Adobe Management Case. For purposes of these calculations, Goldman Sachs (a) assumed each Adobe November 30 fiscal year end to be a December 31 calendar year end and (b) adjusted each Macromedia March 31 fiscal year end to a December 31 calendar year end.

Based on the closing price per share of Adobe common stock as of April 15, 2005, the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), the number of shares and options to purchase shares of Adobe common stock outstanding as of April 7, 2005 and the number of shares and options to purchase shares of Macromedia common stock outstanding as of April 8, 2005, this analysis indicated that under both the Street Case and the Adobe Management Case, the merger would be dilutive before Synergies to Adobe's cash earnings per share and earnings per share including deferred revenue adjustment and amortization of intangibles. This analysis also indicated that under both the Street Case and the Adobe Management Case, the transaction would be slightly accretive to Adobe's cash earnings per share if the Synergies were included.

Goldman Sachs also analyzed the potential pro forma impact of the merger on cash earnings per share based on a range of estimated revenues, some of the values of which were lower than the estimates contained in the Street Case and the Adobe Management Case, and a range of estimated Synergies. This analysis indicated that the merger would be break-even to slightly accretive to Adobe's cash earnings per share.

Contribution Analysis. Goldman Sachs performed a contribution analysis in which it analyzed and compared the relative implied contributions of Adobe and Macromedia on a percentage basis based on actual calendar year 2004 revenue and estimated calendar year 2005 and 2006 revenue, actual calendar year 2004 operating income and estimated calendar year 2005 and 2006 operating income and actual calendar year 2004 cash net income, which is defined as GAAP net income adjusted for purchase accounting adjustments, including deferred revenue write-down and amortization of intangibles and other one-time costs, and estimated calendar year 2005 and 2006 cash net income of the combined company as adjusted for the net debt positions of Adobe and Macromedia. For purposes of these calculations, net debt was defined as total indebtedness less cash, cash equivalents and short-term investments. Adobe's and Macromedia's relative implied contributions to the combined company, as adjusted for net debt, are referred to in this discussion as implied equity contributions. The contribution analysis that Goldman Sachs performed, however, did not reflect any Synergies, purchase accounting adjustments or merger-related costs resulting from the consummation of the merger.

Goldman Sachs performed this contribution analysis employing both the Street Case and the Adobe Management Case. For purposes of these calculations, Goldman Sachs (a) assumed each Adobe November 30 fiscal year end to be a December 31 calendar year end and (b) adjusted each Macromedia March 31 fiscal year end to a December 31 calendar year end. For purposes of these calculations, Goldman Sachs also reviewed the fully diluted equity market capitalization of Adobe and Macromedia, respectively, on April 15, 2005 and used net debt information for Adobe and Macromedia based on their latest publicly available filings as of April 15, 2005. The results of Goldman Sachs' calculations are as follows:

Street Case

	Adobe Implied Equity Contribution to Combined Company	Macromedia Implied Equity Contribution to Combined Company
2004A Revenue	79.9%	20.1%
2005E Revenue	80.5%	19.5%
2006E Revenue	80.4%	19.6%
2004A Operating Income	88.0%	12.0%
2005E Operating Income	87.8%	12.2%
2006E Operating Income	85.5%	14.5%
2004A Cash Net Income	87.7%	12.3%
2005E Cash Net Income	87.8%	12.2%
2006E Cash Net Income	85.1%	14.9%

Adobe Management Case

	Adobe Implied Equity Contribution to Combined Company	Macromedia Implied Equity Contribution to Combined Company
2004A Revenue	79.9%	20.1%
2005E Revenue	80.2%	19.8%
2006E Revenue	79.7%	20.3%
2004A Operating Income	88.0%	12.0%
2005E Operating Income	88.2%	11.8%
2006E Operating Income	86.4%	13.6%
2004A Cash Net Income	87.7%	12.3%
2005E Cash Net Income	88.4%	11.6%
2006E Cash Net Income	86.5%	13.5%

Based upon the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Goldman Sachs calculated that holders of Adobe common stock and holders of Macromedia common stock would hold 82.1% and 17.9%, respectively, of the combined company on a treasury method basis.

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to the following selected transactions in the software industry announced in the period from April 2002 through April 2005:

Fair Isaac Corporation/HNC Software Inc.

Microsoft Corporation/Navision AS

International Business Machines Corporation/Rational Software Corporation

VERITAS Software Corporation/Precise Software Solutions Ltd.

PeopleSoft, Inc./J.D. Edwards & Company

EMC Corporation/Legato Systems, Inc.

EMC Corporation/Documentum, Inc.

Ariba, Inc./FreeMarkets, Inc.

Computer Associates International, Inc./Netegrity, Inc.

Oracle Corporation/PeopleSoft, Inc.

Symantec Corporation/VERITAS Software Corporation

Oracle Corporation/Retek Inc.

International Business Machines Corporation/Ascential Software Corporation

Avid Technology, Inc./Pinnacle Systems, Inc.

Computer Associates International, Inc./Concord Communications, Inc.

The following table compares information derived by Goldman Sachs with respect to the ranges and medians relating to the implied value received by stockholders of the second-named merger partner, or target, for these selected transactions:

	Selected Transactions Range	Selected Transactions Median	Proposed Transaction
Next 12 months price to earnings ratio (based on public filings and Wall Street estimates)	30.8x - 91.6x	50.1x	44.4x
Premium of implied offer value to target stock price one day prior to announcement	16.1% - 87.5%	28.6%	25.1%
Premium of implied offer value to target stock price 30 days prior to announcement	15.6% - 89.7%	32.5%	31.8%

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' analyses and opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Adobe, Macromedia or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs' providing its opinion to Adobe's board of directors as to the fairness from a financial point of view to Adobe of the exchange ratio of 0.69 shares of Adobe common stock to be issued in exchange for each share of Macromedia common stock pursuant to the merger agreement (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005). These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Adobe, Macromedia, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The merger consideration was determined by Adobe and Macromedia through arm's length negotiations between Adobe and Macromedia and was approved by Adobe's board of directors.

As described above, Goldman Sachs' opinion to Adobe's board of directors was one of many factors taken into consideration by Adobe's board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with its fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex D.

Goldman, Sachs & Co. and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to Adobe in connection with, and has participated in certain of the negotiations leading to, the merger. In addition, Goldman Sachs and its affiliates have provided certain investment banking services to Adobe and Macromedia from time to time. Goldman Sachs and its affiliates also may provide investment banking services to Adobe and Macromedia in the future. In connection with the above-described investment banking services Goldman Sachs and its affiliates have received, and may receive, compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman, Sachs & Co. and its affiliates may provide such services to Adobe, Macromedia and their affiliates, may actively trade the debt and equity securities (or related derivative securities) of Adobe and Macromedia for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

Adobe's board of directors selected Goldman Sachs as its financial advisor because Goldman Sachs is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement, Adobe engaged Goldman Sachs to act as its financial advisor in connection with a potential transaction with Macromedia. Pursuant to the terms of this engagement letter, Adobe has agreed to pay Goldman Sachs a fee of $15 million. Of this amount, a fee of $1.25 million was payable upon execution of the merger agreement and the remainder is payable upon the consummation of the merger. In the event that the merger agreement is terminated or the merger is otherwise not consummated, Adobe has also agreed to pay Goldman Sachs a portion of any "break-up" or similar fee paid to Adobe or its affiliates as a result of such termination or failure to consummate the merger equal to 15% of the amount by which such fee exceeds Adobe's expenses related to the potential transaction with Macromedia, but in no event will the total fees payable to Goldman Sachs exceed $15 million. In addition, Adobe has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of Macromedia's Financial Advisor

Macromedia retained Morgan Stanley & Co. Incorporated to provide it with financial advisory services and a fairness opinion in connection with a possible merger, sale or other business combination. Macromedia's board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of Macromedia. At the meeting of the Macromedia board of directors on April 17, 2005, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of April 17, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to holders of shares of Macromedia common stock.

The full text of the written opinion of Morgan Stanley, dated as of April 17, 2005, is attached to this joint proxy statement/prospectus as Annex E. The opinion sets forth, among other things, the assumptions made, procedures followed and matters considered in and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully. Morgan Stanley's opinion is directed to Macromedia's board of directors and addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to holders of shares of Macromedia common stock as of the date of the opinion. It does not address any other aspects of the merger and does not constitute a recommendation to any holder of Macromedia common stock as to how to vote at the Macromedia special meeting. The summary of the opinion of Morgan Stanley set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

Please note that the references to the exchange ratio and the market price of Adobe common stock contained in the written opinion of Morgan Stanley attached to this joint proxy statement/prospectus as Annex E and the following summary of the material analyses of Morgan Stanley do not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Adobe and Macromedia;
- reviewed certain internal financial statements and projections and operating data concerning Adobe and Macromedia, prepared by the managements of Adobe and Macromedia, respectively;
- discussed the past and current operations and financial condition and the prospects of Adobe and Macromedia with senior executives of Adobe and Macromedia, respectively;
- discussed certain strategic, financial and operational benefits anticipated from the merger with the managements of Adobe and Macromedia;
- reviewed the pro forma financial impact of the merger on the combined company's financial performance, including earnings per share;
- reviewed the reported prices and trading activity for the Adobe common stock and the Macromedia common stock;
- compared the financial performance of Adobe and Macromedia and the prices and trading activity of Adobe common stock and Macromedia common stock with that of certain other publicly-traded companies comparable with Adobe and Macromedia, respectively, and their securities;
- discussed the strategic rationale for the merger with the managements of Adobe and Macromedia, respectively, including among other things, certain alternatives to the merger with the management of Macromedia;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in discussions and negotiations among representatives of Adobe and Macromedia and their financial and legal advisors;
- reviewed the merger agreement and certain related documents; and
- performed such other analyses and considered other such factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by Morgan Stanley for the purposes of its opinion. With respect to the internal financial statements, including information relating to the strategic, financial and operational benefits anticipated from the merger and assessments regarding the prospects of Adobe and Macromedia, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Adobe and Macromedia, respectively. In addition, Morgan Stanley assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement without material modification, waiver or delay, including, among other things, that the merger would be treated as a tax-free reorganization pursuant to the Internal Revenue Code of 1986, as amended. Morgan Stanley also assumed that in connection with the receipt of all the necessary regulatory approvals for the proposed merger, no restrictions would be imposed or delays will result that would have a material adverse affect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley is not a legal or regulatory advisor and has relied upon, without independent verification, the assessment by Macromedia and its legal and regulatory advisors with respect to such matters.

Morgan Stanley relied upon, without independent verification, the assessment by the managements of Adobe and Macromedia of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the timing and risks associated with the integration of Adobe and Macromedia; (iii) their ability to retain key employees of Adobe and Macromedia, respectively; and (iv) the validity of, and risks associated with, Adobe's and Macromedia's existing and future intellectual property, products, services and business models. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Adobe and Macromedia, nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, April 17, 2005. Events occurring after such date may affect its opinion and the assumptions used in preparing it, and Morgan Stanley does not assume any obligation to update, revise or reaffirm its opinion. In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, business combination or other extraordinary transaction involving Macromedia.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated April 17, 2005. The various analyses summarized below were based on closing prices for the common stock of Adobe and Macromedia as of April 15, 2005, the last full trading day preceding the day of the meeting of Macromedia's board of directors to consider and approve the merger with Adobe. Although each analysis was provided to the Macromedia board of directors, in connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

On April 17, 2005, Adobe and Macromedia entered into a merger agreement whereby each holder of Macromedia common stock would be entitled to receive 0.69 of a share of Adobe common stock for each share of Macromedia common stock. The exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005. Morgan Stanley calculated that as a result of the merger, Macromedia's stockholders would own approximately 18.1% of the combined company on a fully diluted basis using the treasury stock method.

Macromedia, Inc.

Trading Range Analysis. Morgan Stanley performed a trading range analysis to provide background and perspective with respect to the historical share prices of Macromedia common stock. Morgan Stanley reviewed the range of closing prices of Macromedia common stock for various periods ended on April 15, 2005. Morgan Stanley observed the following:

Period Ended April 15, 2005	**Range of Closing Prices**
Last 30 Trading Days	$32.40 - $36.31
Last 60 Trading Days	$29.99 - $36.89
Last 90 Trading Days	$25.99 - $36.89
Last 12 Months	$18.21 - $36.89
Last 3 Years	$5.99 - $36.89

Based on Adobe's common stock price per share of $60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was $30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley noted that the implied value per share of Macromedia common stock was $41.86.

Indexed Price Performance. Morgan Stanley reviewed the share price performance of Macromedia, Adobe and indices composed of average stock prices of infrastructure software category leaders and infrastructure software tools companies for the six month and twelve month periods ending April 15, 2005, and compared the performance of Macromedia, Adobe and these indices to the performance of the NASDAQ National Market during the same period. The infrastructure software category leaders index included the companies listed below, and the infrastructure software tools companies index included the companies listed below.

Morgan Stanley noted the following:

Company/Index	% Price Change Since October 15, 2004	% Price Change Since April 15, 2004
Macromedia	49%	78%
Adobe	18%	47%
Infrastructure Software Category Leaders Index	(9)%	(1)%
Infrastructure Software Tools Companies Index	(2)%	(25)%
NASDAQ National Market	0%	(5)%

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which attempts to provide an implied value of a company by comparing it to similar companies. Morgan Stanley compared certain financial information of Macromedia with publicly available consensus estimates for other companies that shared similar business characteristics of Macromedia. The companies used in this comparison included the following infrastructure software companies:

Infrastructure Software Category Leaders:

Adobe Systems Incorporated

Autodesk, Inc.

Cognos Incorporated

Oracle Corporation

Mercury Interactive Corporation

Microsoft Corporation

Tibco Software Inc.

Infrastructure Software Tools Companies:

Borland Software Corporation

Business Objects S.A.

Citrix Systems, Inc.

FileNet Corporation

Open Text Corporation

Openwave Systems Inc.

RealNetworks, Inc.

Red Hat, Inc.

WebEx Communications, Inc.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies for comparison purposes:

the ratios of aggregate value, defined as market capitalization plus total debt less cash, cash equivalents and short-term investments, to estimated calendar year 2005 and 2006 revenues (in each case, based on publicly available consensus equity research estimates); and

the ratios of price to estimated earnings per share for calendar year 2005 and calendar year 2006 (in each case, based on publicly available consensus equity research estimates).

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected representative ranges of financial multiples of the comparable companies and applied this range of multiples to the relevant Macromedia financial statistic. For purposes of estimated calendar year 2005 and 2006 revenues and earnings per share Morgan Stanley utilized publicly available consensus equity research estimates as of April 15, 2005. Based on Macromedia's outstanding shares and options as of April 15, 2005, Morgan Stanley estimated the implied value per Macromedia share as of April 15, 2005 as follows:

Calendar Year Financial Statistic	**Comparable Company Multiple Range**	**Implied Value Per Share of Macromedia**
Aggregate Value to Estimated 2005 Revenue	4.0x - 5.5x	\$29.44 - \$37.92
Aggregate Value to Estimated 2006 Revenue	3.5x - 5.0x	\$29.01 - \$38.52
Price to Estimated 2005 Earnings Per Share	25.0x - 35.0x	\$25.44 - \$35.62
Price to Estimated 2006 Earnings Per Share	22.5x - 30.0x	\$27.90 - \$37.20

Morgan Stanley noted that based on Adobe's common stock price per share of \$60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was \$30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), the implied value per share of Macromedia common stock was \$41.86.

No company utilized in the comparable company analysis is identical to Macromedia. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Macromedia, such as the impact of competition on the businesses of Macromedia and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Macromedia or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Discounted Equity Value Analysis. Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the future value of a company's common equity as a function of the company's future earnings and its current forward price to earnings multiple, and the resulting value is subsequently discounted to arrive at a company's present value for its stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share for Macromedia on a standalone basis. To calculate the discounted equity value, Morgan Stanley utilized the fiscal year 2007 publicly available consensus equity research earnings estimate as a "Street Case" and the fiscal year 2007 earnings estimate provided by Macromedia's management as a "Macromedia Management Tops Down Case". Morgan Stanley applied a range of price to earnings multiples to these estimates and applied a discount rate of 15% (calculated based on current predicted equity research estimates of Macromedia's cost of equity) to these ranges.

The following table summarized Morgan Stanley's analysis:

Financial Statistic	**Forward Price to Earnings Multiple Range**	**Implied Value Per Share for Macromedia**
Street Case	25.0x - 35.0x	$28.26 - $39.57
Macromedia Management Tops Down Case	25.0x - 35.0x	$33.23 - $46.52

Based on Adobe's common stock price per share of $60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was $30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley noted that the implied value per share of Macromedia common stock was $41.86.

Securities Research Analysts' Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for Macromedia common stock prepared and published by equity research analysts. These targets reflect each analyst's estimate of the future public market trading price of Macromedia common stock. The range of undiscounted 12-month analyst price targets for Macromedia was $32.00 to $45.00. Based on Adobe's common stock price per share of $60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was $30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley noted that the implied value per share of Macromedia common stock was $41.86.

The public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Macromedia common stock and these estimates are subject to uncertainties, including the future financial performance of Macromedia and future financial market conditions.

Historical Exchange Ratio Range Analysis. Morgan Stanley reviewed the ratios of the range of closing prices of Macromedia common stock divided by the corresponding closing prices of Adobe common stock over various periods ended on April 15, 2005. For each of the periods reviewed, Morgan Stanley observed the relevant range of low and high exchange ratios. Based on the closing price per share of $60.66 of Adobe common stock as of April 15, 2005 (the closing price per share of Adobe common stock as of April 15, 2005 was $30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley calculated a range of implied values per share of Macromedia. The following table summarized Morgan Stanley's analysis:

Period Ended April 15, 2005	Range of Exchange Ratios(1)	Implied Value Per Share of Macromedia
Last 30 Trading Days	0.489 - 0.555	$29.68 - $33.68
Last 60 Trading Days	0.489 - 0.602	$29.68 - $36.50
Last 90 Trading Days	0.449 - 0.602	$27.24 - $36.50
Last 12 Months	0.385 - 0.602	$23.35 - $36.50
Last 3 Years	0.274 - 0.717	$16.61 - $43.52

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Exchange Ratio Premium Analysis. Morgan Stanley reviewed the ratios of the closing prices of Macromedia common stock divided by the corresponding closing prices of Adobe common stock over various periods ended April 15, 2005 to provide background information and perspective on the average exchange ratio and its premium or discount to the exchange ratio set forth in the merger agreement during certain periods. The ratios are referred to as average exchange ratios. Morgan Stanley examined the premiums represented by the exchange ratio of 0.69 pursuant to the merger agreement (the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005) over these period average exchange ratios, and found them to be as follows:

Period Ended April 15, 2005	Average Exchange Ratio(1)	Transaction Exchange Ratio (0.69) Premium To Average Exchange Ratio(1)
April 15, 2005	0.551	25%
Last 5 Trading Days	0.548	26%
Last 10 Trading Days	0.530	30%
Last 20 Trading Days	0.517	33%
Last 30 Trading Days	0.524	32%
Last 60 Trading Days	0.543	27%
Last 90 Trading Days	0.521	32%

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Morgan Stanley noted that the exchange ratio pursuant to the merger agreement was 0.69. The exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Analysis of Precedent Transactions. Morgan Stanley also performed a precedent transaction analysis, which is designed to imply a value of a company based on publicly available financial terms and premiums of selected transactions that share some characteristics with the merger. In connection with its analysis, Morgan Stanley compared publicly available statistics for twelve selected software sector transactions between January 1, 2002 and April 15, 2005 in which the target company was publicly traded and transaction values were greater than $1.0 billion. The following is a list of these transactions:

Selected Precedent Transactions (Target/Acquiror)

Ascential Software Corporation/International Business Machines Corporation

Documentum, Inc./EMC Corporation

Illuminet Holdings, Inc./VeriSign, Inc.

J.D. Edwards & Company/PeopleSoft, Inc.

LEGATO Systems, Inc./EMC Corporation

Navision A.S./Microsoft Corporation

NetScreen Technologies, Inc./Juniper Networks, Inc.

Overture Services, Inc./Yahoo! Inc.

PayPal, Inc./eBay Inc.

Rational Software Corporation/International Business Machines Corporation

VERITAS Software Corporation/Symantec Corporation

Visio Corporation/Microsoft Corporation

For each transaction noted above Morgan Stanley noted the following financial statistics where available: (1) aggregate value to next twelve months estimated revenues; (2) price to next twelve months estimated earnings per share; (3) implied premium to price one trading day prior to announcement; (4) implied exchange ratio premium to 30 trading day average exchange ratio; (5) implied exchange ratio premium to 60 trading day average exchange ratio; and (6) implied exchange ratio premium to 90 trading day average exchange ratio. The following table summarized Morgan Stanley's analysis:

Precedent Transaction Financial Statistic	Reference Range	Implied Value Per Share	Macromedia/Adobe Financial Statistic
Aggregate Value to Next Twelve Months Revenues	2.5x - 7.0x	$21.20 - $47.13	6.1x
Price to Next Twelve Months Earnings Per Share	30.0x - 50.0x	$31.80 - $53.00	39.5x
Premium to 1-day prior price	15% - 40%	$38.47 - $46.83	25%
Premium to 30-day average price	15% - 35%	$36.52 - $42.87	32%
Premium to 60-day average exchange ratio	15% - 45%	$37.90 - $47.79	27%
Premium to 90-day average exchange ratio	10% - 50%	$34.79 - $47.44	32%

Based on Adobe's common stock price per share of $60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was $30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley noted that the implied value per share of Macromedia common stock was $41.86.

No company or transaction utilized in the precedent transaction analysis of stock price premiums paid is identical to Macromedia or Adobe or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of Adobe and Macromedia, such as the impact of competition on the business of Macromedia, Adobe or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Macromedia, Adobe or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.

Relative Contribution Analysis. Morgan Stanley compared Adobe and Macromedia stockholders' respective percentage ownership of the combined company to Macromedia's and Adobe's respective percentage contribution (and the implied ownership based on such contribution) to the combined company using actual calendar year 2004 and estimated calendar year 2005 and 2006 operating income and net income. For purposes of the analysis Morgan Stanley utilized publicly available consensus equity research estimates as a "Street Case" for Macromedia and estimates provided by Macromedia's management as a "Macromedia Management Tops Down Case," and compared these respective metrics to publicly available consensus equity research estimates for Adobe. Based on Macromedia's respective implied ownership and based on the closing price per share of Adobe common stock of $60.66 as of April 15, 2005 (the closing price per share of Adobe common stock as of April 15, 2005 was $30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley calculated an implied value per share of Macromedia.

	Street Case		
Calendar Year Financial Statistic	**Implied % Pro Forma Ownership**	**Implied Value Per Macromedia Share**	
Operating Income			
2004A	12.1%	$	27.14
2005E	13.0%	$	29.06
2006E	14.4%	$	32.57
Net Income			
2004A	12.3%	$	27.50
2005E	13.0%	$	29.08
2006E	14.8%	$	33.45

	Macromedia Management Tops Down Case		
Calendar Year Financial Statistic	**Implied % Pro Forma Ownership**	**Implied Value Per Macromedia Share**	
Operating Income			
2004A	12.1%	$	27.14
2005E	12.8%	$	28.61
2006E	16.3%	$	37.19
Net Income			
2004A	12.3%	$	27.50
2005E	13.1%	$	29.36
2006E	17.4%	$	40.19

Based on Adobe's common stock price per share of $60.66 as of April 15, 2005 and the exchange ratio of 0.69 pursuant to the merger agreement (Adobe's common stock price per share as of April 15, 2005 was $30.33 and the exchange ratio is now 1.38 shares of Adobe common stock for each share of Macromedia common stock after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005), Morgan Stanley noted that the implied value per share of Macromedia common stock was $41.86.

Adobe Systems Incorporated

Morgan Stanley noted that Adobe had declared a two-for-one stock split in the form of a stock dividend of Adobe common stock to be paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005 and that such split in and of itself did not affect its analyses.

Trading Range Analysis. Morgan Stanley reviewed the range of closing prices of Adobe common stock for various periods ended on April 15, 2005. Morgan Stanley observed the following:

Period Ended April 15, 2005	**Range of Closing Prices(1)**
Last 10 Trading Days	\$60.66 - \$68.39
Last 30 Trading Days	\$60.66 - \$68.39
Last 60 Trading Days	\$55.39 - \$68.39
Last 90 Trading Days	\$55.39 - \$68.39
Last Twelve Months	\$39.70 - \$68.39

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Morgan Stanley noted that the price per share of Adobe common stock as of April 15, 2005 was \$60.66 (the price per share of Adobe common stock as of April 15, 2005 was \$30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

Comparable Company Analysis. Morgan Stanley compared certain financial information of Adobe with publicly available consensus estimates for other companies that shared similar business characteristics of Adobe. The following is a list of those companies:

Infrastructure Software Category Leaders:

Autodesk, Inc.

Cognos Incorporated

Oracle Corporation

Macromedia, Inc.

Mercury Interactive Corporation

Microsoft Corporation

Tibco Software Inc.

Infrastructure Software Tools Companies:

Borland Software Corporation

Business Objects S.A.

Citrix Systems, Inc.

FileNet Corporation

Open Text Corporation

Openwave Systems Inc.

RealNetworks, Inc.

Red Hat, Inc.

WebEx Communications, Inc.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies for comparison purposes:

- the ratios of aggregate value, defined as market capitalization plus total debt less cash, cash equivalents and short-term investments, to estimated calendar year 2005 and 2006 revenues (in each case, based on publicly available consensus equity research estimates); and

- the ratios of price to estimated earnings per share for calendar year 2005 and 2006 (in each case, based on publicly available consensus equity research estimates).

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected the representative ranges of financial multiples of the comparable companies and applied this range of multiples to the relevant Adobe financial statistic. For purposes of estimated calendar year 2005 and 2006 revenues and earnings per share Morgan Stanley utilized publicly available consensus equity research estimates as of April 15, 2005. Based on Adobe's outstanding shares and options as of April 15, 2005, Morgan Stanley estimated the implied value per Adobe share as of April 15, 2005 as follows:

Calendar Year Financial Statistic	Comparable Company Multiple Range	Implied Value Per Share for Adobe(1)
Aggregate Value to Estimated 2005 Revenue	5.0x - 8.0x	$44.38 - $65.70
Aggregate Value to Estimated 2006 Revenue	4.5x - 7.0x	$44.10 - $63.73
Price to Estimated 2005 Earnings Per Share	25.0x - 35.0x	$53.25 - $74.55
Price to Estimated 2006 Earnings Per Share	22.5x - 30.0x	$52.31 - $69.75

(1) Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Morgan Stanley noted that the price per share of Adobe common stock as of April 15, 2005 was $60.66 (the price per share of Adobe common stock as of April 15, 2005 was $30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

No company utilized in the comparable company analysis is identical to Adobe. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Adobe, such as the impact of competition on the businesses of Adobe and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Adobe or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Discounted Equity Value Analysis. Morgan Stanley calculated a range of present equity values per share for Adobe on a standalone basis. To calculate the discounted equity value, Morgan Stanley utilized the calendar year 2006 publicly available consensus equity research revenue estimate, and applied projected annual growth rates of 10% to 15%, projected operating margins of 35% to 37%, and a tax rate of 25% to derive a range of calendar year 2007 earnings estimates. Morgan Stanley applied a range of price to earnings multiples to these estimates and applied a discount rate of 12% (calculated based on current predicted equity research estimates of Adobe's cost of equity) to these ranges.

The following table summarizes Morgan Stanley's analysis:

Financial Statistic	Adobe Financial Statistic (Calendar Year 2007 Earnings Estimates)(1)	Calendar Year 2006 Price to Earnings Multiple Range	Implied Value Per Share of Adobe(1)
2007 estimated calendar year earnings per share (10% growth; 35% operating margin)	$ 2.42	25.0x - 35.0x	$48.32 - $67.65
2007 estimated calendar year earnings per share (12.5% growth; 36% operating margin)	$ 2.55	25.0x - 35.0x	$50.74 - $71.04
2007 estimated calendar year earnings per share (15% growth; 37% operating margin)	$ 2.67	25.0x - 35.0x	$53.23 - $74.52

(1)
Does not give effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005.

Morgan Stanley noted that the price per share of Adobe common stock as of April 15, 2005 was $60.66 (the price per share of Adobe common stock as of April 15, 2005 was $30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

Securities Research Analysts' Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for Adobe common stock prepared and published by equity research analysts. These targets reflect each analyst's estimate of the future public market trading price of Adobe common stock. The range of undiscounted 12-month analyst price targets for Adobe was $55.00 to $80.00 (the range of undiscounted 12-month analyst price targets for Adobe was $27.50 to $40.00 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005). Morgan Stanley noted that the price per share of Adobe common stock as of April 15, 2005 was $60.66 (the price per share of Adobe common stock as of April 15, 2005 was $30.33 after giving effect to the two-for-one stock split in the form of a stock dividend of Adobe common stock paid on May 23, 2005 to Adobe stockholders of record as of May 2, 2005).

Morgan Stanley noted that the public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Adobe common stock and these estimates are subject to uncertainties, including the future financial performance of Adobe and future financial market conditions.

In connection with the review of the merger by Macromedia's board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of Macromedia or Adobe. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of Macromedia or Adobe. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the exchange ratio pursuant to the merger agreement from a financial point of view to holders of shares of Macromedia common stock and in connection with the delivery of its opinion dated April 17, 2005 to Macromedia's board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of common stock of Macromedia or Adobe might actually trade.

The merger consideration was determined by Adobe and Macromedia through arm's length negotiations between Adobe and Macromedia and was approved by Macromedia's board of directors.

In addition, Morgan Stanley's opinion and its presentation to Macromedia's board of directors was one of many factors taken into consideration by Macromedia's board of directors in deciding to approve the merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Macromedia's board of directors with respect to the exchange ratio or of whether Macromedia's board of directors would have been willing to agree to a different exchange ratio.

Macromedia's board of directors retained Morgan Stanley based upon Morgan Stanley's qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Adobe and Macromedia and received fees for such services. In the ordinary course of Morgan Stanley's