

*Adobe Systems Incorporated  
1989 Annual Report*



*Adobe Systems creates, markets and supports computer systems software and application software. The company's PostScript™ page description language and extensive type library are industry standards, used for device-independent communication among computers, software, printers and typesetters.*

*Adobe's software products have made high-quality visual communication possible in personal computing. Technology developed at Adobe has effectively brought 500 years of printing and publishing techniques to computer users.*

About the Front and Back Cover and page 12 illustrations:

*Adobe Systems has grown into a true multinational company that is changing the way people print and publish around the world with its innovative technology and advanced products, as exemplified by these designs. Created by San Francisco designer Michael Cronan, the collages began as quick sketches. Assisted by Robert Schwarzbach, Cronan designed a simple template using Adobe Illustrator™ software to unify the artwork, then added photographs to the template, and adjusted their color using the Adobe Photoshop™ program. The images include visual references to Adobe Illustrator, Adobe™ Collector's Edition: Patterns and Textures, and Adobe Streamline™ software. To create the world of Adobe Systems, Cronan also incorporated images from this annual report and by photographers Doug Menezes, Rob Outwater, Rick Smolan and Russell Brown.*

<i>Fiscal Year Ended</i> <i>(in thousands except per share data)</i>	<i>Dec. 1, 1989</i>	<i>Nov. 30, 1988</i>	<i>Nov. 30, 1987</i>	<i>Nov. 30, 1986</i>	<i>Nov. 30, 1985</i>
Revenue	\$ 121,358	\$ 83,483	\$ 39,324	\$ 16,055	\$ 4,604
Income before income taxes	54,853	35,750	16,892	7,220	838
Net income	33,706	21,080	8,982	3,586	496
Net income per share	1.55	.98	.43	.19	.03
Working capital	43,245	32,525	17,543	11,151	3,148
Total assets	94,139	65,460	32,302	20,016	6,074
Shareholders' equity	58,825	44,297	23,525	13,719	4,646
Dividends declared per share	.20	.12	—	—	—

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*"Adobe continues to have a major impact on the integration of graphic arts and computers."*

## To Our Shareholders:

January 17, 1990

Software from Adobe has revolutionized computer printing and publishing. Products based on the company's PostScript language are now used routinely by individuals and corporations all over the world. Adobe continues to have a major impact on the integration of graphic arts and computers.

Our business environment is exciting. In 1989, Adobe announced significant new products. Relationships with current customers changed. And new customer relationships and markets formed.

More than 66 printer products based on PostScript software are currently shipping. These include a wide range of machines from over 30 manufacturers. In fact, nearly every major computer systems, printer and typesetter manufacturer now offers printing solutions from Adobe.

Adobe's Display PostScript™ software is shipping in volume on both NeXT® and Digital workstations. This product brings our high-quality graphics technology to workstations and personal computers. With the industry-standard PostScript imaging model driving both printers and displays, computer screens match printer output as closely as possible. The machines are device independent, so customers gain the advantage of PostScript language file portability between applications running on a variety of different computers.

Adobe Type Manager™ software, which is new this year, will bring Adobe typefaces to a very large new market. For computer systems and printer vendors, the software provides high-quality font scaling. Now these manufacturers can offer a consistent font strategy that works across all of their products—from low-cost printers through high-end PostScript printers and typesetters.

In the retail market, the Adobe Type Manager program brings high-quality scalable font software to customers' Macintosh® displays and low-cost, dot matrix and ink jet printers. Adobe Type Manager is compatible with the Display PostScript system and all PostScript printers.

The competitive environment for Adobe changed in 1989. Early in the year, Apple Computer announced that it would develop and release its own font scaling technology. In July, Apple sold its 3,423,792 share investment in Adobe, which it had held since 1984, and realized at least a 3,000-percent gain on the transaction. Later in the year, Apple and Microsoft announced joint plans to support the Apple font technology. They did not announce products or provide availability dates.

In the face of these competitive events, Adobe accelerated its development of Adobe Type Manager software for the Macintosh and shipped the product in October. In the first six weeks, we shipped over 100,000 units. User support for the program has been exceptionally strong.

We believe that the size and quality of the Adobe™ Type Library, the quality of our type rendering, the device independence of the technology, and the broad appeal of Adobe Type Manager software will contribute to Adobe's continuing leadership position in both the Apple and the IBM® PC markets.

The Adobe Type Library nearly doubled in 1989, to include software for over five hundred typefaces. Adobe Illustrator™-Windows Version, for IBM personal computers and compatibles, began shipping in January 1989. We also introduced Adobe Streamline™, software for the Macintosh and IBM PC that converts scanned artwork and other bitmapped images into PostScript language format.

In March, we announced a license agreement with Canon Inc. of Japan, the world's largest maker of laser printing engines. Adobe also agreed to license its font production technology to five major suppliers of high-quality typefaces: AGFA Compugraphic, Autologic, Monotype, Morisawa and Varityper. This will broaden the number of typefaces available for PostScript printers and typesetters.

The company acquired Photoshop, a color image processing program for Macintosh computers, last July. Adobe Photoshop™ software, scheduled for release in February 1990, will enable graphic artists and desktop publishers to produce elaborate special effects photography.

Early in 1989, Adobe formed a subsidiary with an office in Tokyo. This subsidiary supports a strong systems business in Japan, as well as software developers working on applications that take advantage of the new PostScript Kanji printers. A Kanji version of Adobe Illustrator was introduced in May. As more software developers address this market, we expect to see steady, continued growth.

To strengthen ties with our customers in Europe, the company established a United Kingdom subsidiary in London. This office will complement Adobe Systems Europe B.V., our international subsidiary in Amsterdam. As Adobe and its customers bring our products to new markets, PostScript software is becoming an integral factor for electronic printing and publishing throughout the world.



*John E. Warnock  
Chairman of the Board  
and Chief Executive Officer*



*Charles M. Geschke  
President and  
Chief Operating Officer*

A handwritten signature in cursive script that reads "John E. Warnock".

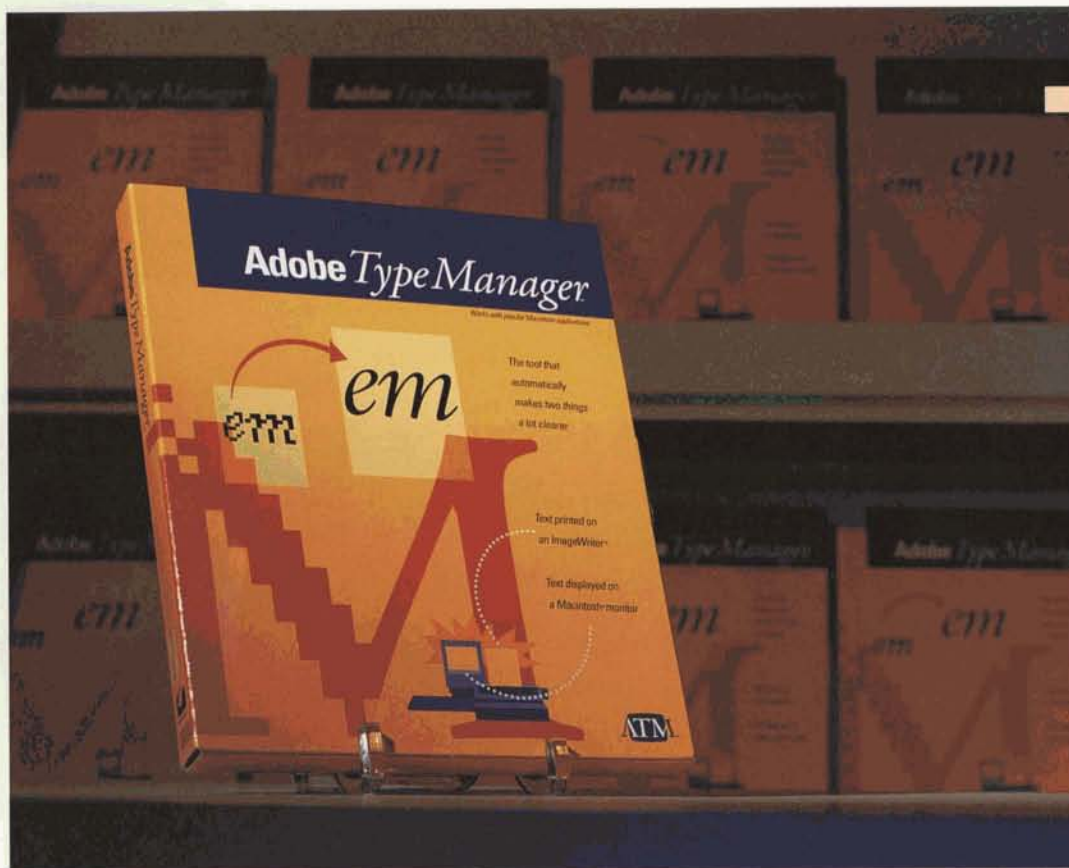
*John E. Warnock  
Chairman of the Board and  
Chief Executive Officer*

A handwritten signature in cursive script that reads "Charles M. Geschke".

*Charles M. Geschke  
President and Chief Operating Officer*

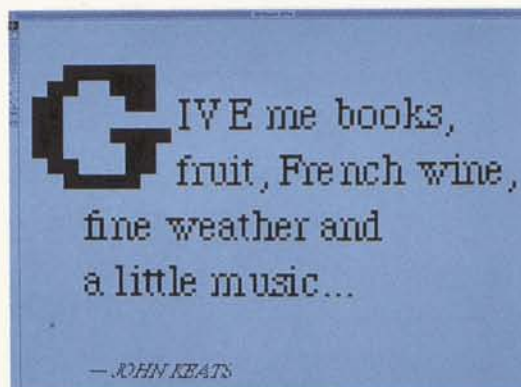
## 1989: The Year in Pictures

*New Products and Markets Contribute to Adobe's Growth*

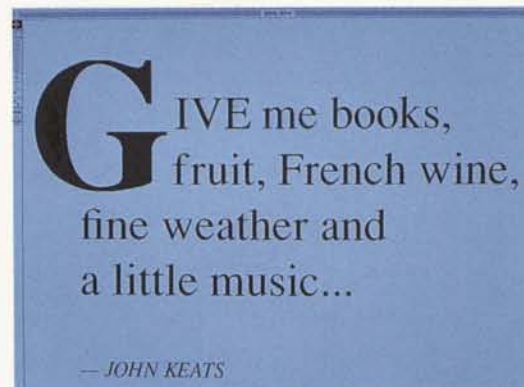


Adobe Type Manager smooths out “jaggies”—in print and on displays

*A new product for the Macintosh, the Adobe Type Manager program, brings PostScript outline font software to a broad range of printers and computer displays. Text on displays becomes sharp and readable at large and small point sizes.*



Without Adobe Type Manager



With Adobe Type Manager

































































