



**Adobe ®
Stock Option Exchange
Program**

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Agenda

- Summary of Stock Option Exchange Program
- Terms of New Stock Option Grants
- Dates to Remember
- Considerations
- Participation
- Disclosure
- Q&A



Summary of Stock Option Exchange Program

- **Plan Definition**

- An offer to grant replacement stock options
 - Must be granted at least six months and one day after cancel date
 - Priced at fair market value (FMV) on new grant date

- **Eligibility**

- Options priced between \$40.01-49.99 are eligible for 1.5 to 1 exchange ratio
- Options priced \$50.00 and above are eligible for 2 to 1 exchange ratio
- Must be an employee through grant date
- ETeam and Board of Directors are not eligible



Terms of New Stock Option Grants

- **Vesting**
 - New stock option grants will begin vesting at time of grant
 - 3-year vest period
 - 25% after year one
 - 2.08% monthly during year two
 - 4.17% monthly during year three
- **New stock option grants will have a six-year term**
- **Other terms and conditions are similar to current stock option grants**



Dates to Remember

- **Friday, May 16, 2003—Offer Date**
 - Begin submitting Stock Option Exchange Election Form
- **Monday, June 16, 2003—Expiration Date**
 - Last day to submit Stock Option Exchange Election Form, if participating
 - Form must be properly submitted by 11:59 p.m. Pacific Time (no exceptions)
- **New Grant Date**
 - Grant date to be determined by Board of Directors
 - At least six months and one day from expiration date (at the earliest December 17, 2003)



Considerations

- **Taxation**

- Employees should consult their tax and financial advisors
 - U.S. employees
 - Exchange is a non-taxable event
 - Non-U.S. employees
 - Refer to the Offer to Exchange (Tender Offer) for country-specific tax information

- **Option Price**

- New option price could be higher than exchanged option price

- **New Grant Date**

- New grant date is subject to Board of Director approval and will be **at least** 6 months and 1 day from cancellation of the exchanged options
- Must be employed through grant date to receive new options; exchanged options will not be reinstated



Participation

- **Stock Option Exchange Election Form**

- Located on Inside Adobe/Everyday Tools/Forms Directory
 - Preferred method is to submit electronically
- Fax forms (408) 537-4100
 - Fax if unable to access Adobe Forms
 - Contact Equity Compensation to obtain form

- **Accessible Information**

- Tender Offer, Summary of Terms and related documents
 - Inside Adobe under Et cetera/2003 Stock Option Exchange Information
- View current stock option information
 - www.optionslink.com
 - Stock Option Exchange Election Form (eligible options only)
- Questions can be addressed to
 - optionx@adobe.com
 - Equity Compensation - (408) 536 -3122
- Documents can also be found on the SEC website at www.sec.gov



Disclosure

- **Due to SEC regulations, Adobe cannot provide additional information other than what has been provided in the Tender Offer**
- **Adobe will not be able to assist employees in their decision making as to whether or not to participate in the program**



Q & A