

ADOBE SYSTEMS INC
Form 424B2
January 22, 2015

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Filed pursuant to Rule 424(b)(2)
Registration No. 333-186144

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.250% Senior Notes due 2025	\$1,000,000,000	98.928%	\$989,280,000.00	\$114,954.34

(1) The filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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**Prospectus Supplement
(To Prospectus dated January 22, 2013)**

\$1,000,000,000

Adobe Systems Incorporated

\$1,000,000,000 3.250% Notes due 2025

Adobe Systems Incorporated is offering \$1,000,000,000 aggregate principal amount of 3.250% notes due 2025 (the "Notes").

The Notes will bear interest at the rate of 3.250% per year. Interest will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning August 1, 2015.

The Notes will mature on February 1, 2025.

We may redeem some or all of the Notes, at any time or from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this prospectus supplement), plus accrued and unpaid interest thereon to, but excluding, the redemption date. In addition, we may redeem the Notes in whole or in part, at any time from or after November 1, 2024, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. See "Description of the Notes Optional Redemption" in this prospectus supplement for more information. We will be required to make an offer to purchase the Notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of purchase, upon the occurrence of a Change of Control Triggering Event (as defined herein). See the section entitled "Description of the Notes Purchase Upon Change of Control Triggering Event" for more information.

The Notes will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness from time to time outstanding.

Investing in the Notes involves risks. See "Risk Factors" beginning on page S-7 for a discussion of certain risks that should be considered in connection with an investment in the Notes.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price(1)	Underwriting discounts and commissions	Proceeds to us, before expenses(1)
Notes	98.928%	0.650%	98.278%
Total	\$989,280,000.00	\$6,500,000	\$982,780,000.00

(1)

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Plus accrued interest, if any, from January 26, 2015.

Interest on the Notes will accrue from January 26, 2015. The Notes will be issued in book-entry form only, in denominations of \$2,000 and multiples of \$1,000 thereafter. The Notes will not be listed on any securities exchange. Currently there is no public market for the Notes.

The underwriters expect to deliver the Notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear Bank S.A./N.C. and Clearstream Banking, S.A., on or about January 26, 2015.

Joint Book-Running Managers

BofA Merrill Lynch

J.P. Morgan

RBS

Morgan Stanley

US Bancorp

Wells Fargo Securities

Co-Managers

Citigroup

HSBC

MUFG

SMBC Nikko

January 21, 2015

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This prospectus supplement, the accompanying prospectus and any free-writing prospectus that we prepare or authorize, contain and incorporate by reference information that you should consider when making your investment decision. We have not, and the underwriters and their affiliates and agents have not, authorized anyone to provide you with any information or represent anything about us other than what is contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We are not, and the underwriters and their affiliates and agents are not, making any offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by us or on our behalf is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and documents that are incorporated by reference in this prospectus supplement include forward-looking statements. Forward-looking statements may be preceded by, followed by or include the words "expects," "could," "would," "may," "anticipates," "intends," "plans," "believes," "seeks," "targets," "estimates," "looks for," "looks to" or similar expressions. Adobe claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about our business. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Risk Factors" of this prospectus supplement and in our Annual Report on Form 10-K incorporated by reference herein, and as may be updated in filings we make from time to time with the U.S. Securities and Exchange Commission (the "SEC"). You should understand that the following important factors, in addition to those discussed in the incorporated documents, could affect our future results, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements:

failure to develop, market and offer new products and services or enhancements to existing products and services that meet customer requirements,

introduction of new products, services and business models by existing and new competitors,

failure to successfully manage transitions to new business models and markets,

increased emphasis on a cloud strategy,

revenue recognition relating to subscription offerings and enterprise term license agreements,

inability to predict subscription renewal rates and the impact these rates may have on future revenue and operating results,

security vulnerabilities in Adobe's products and systems,

interruptions or delays in services from, security or privacy breaches, or failures in data collection from Adobe or third-party service providers that host or deliver services,

uncertainty about current and future economic conditions and other adverse changes in general political conditions in which Adobe does business,

failure to realize the anticipated benefits of past or future acquisitions, and difficulty in integrating such acquisitions,

costs related to intellectual property acquisitions, enforcement, and litigation,

inability to protect Adobe's intellectual property rights, including source code, from third-party infringers, or unauthorized copying, use or disclosure,

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increasing regulatory focus on privacy issues,

failure to process transactions effectively or failure to adequately protect against disputed or potential fraudulent activities,

failure to manage Adobe's sales and distribution channels and third-party customer service and technical support providers effectively,

long and complex sales cycles of certain of Adobe's enterprise offerings,

disruption of Adobe's business due to catastrophic events,

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shortfalls in net revenue, margin or earnings, or the volatility of the market generally,

risks associated with global operations,

fluctuations in foreign currency exchange rates,

changes in, or interpretations of, accounting principles,

impairment of Adobe's goodwill or amortizable intangible assets,

changes in, or interpretations of, tax rules and regulations,

Adobe's inability to recruit and retain key personnel, and

impairment of Adobe's investment portfolio due to deterioration of the capital markets,

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. New information, future events or risks could cause the forward-looking events we discuss in this prospectus supplement, the accompanying prospectus or the documents incorporated herein by reference not to occur. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the SEC.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. This prospectus supplement also incorporates by reference the information described under "Where You Can Find More Information." The second part is the accompanying prospectus dated January 22, 2013. The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, references in this prospectus supplement to "Adobe," "we," "us" and "our" or similar terms are to Adobe Systems Incorporated and its consolidated subsidiaries.

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SUMMARY

The following summary highlights information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that you should consider before investing in the Notes. You should carefully read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference herein that are described under "Where You Can Find More Information."

Adobe Systems Incorporated

Founded in 1982, Adobe Systems Incorporated is one of the largest and most diversified software companies in the world. We offer a line of products and services used by creative professionals, marketers, knowledge workers, application developers, enterprises and consumers for creating, managing, delivering, measuring, optimizing and engaging with compelling content and experiences across multiple operating systems, devices and media. We market and license our products and services directly to enterprise customers through our sales force and to end-users through app stores and our own website at www.adobe.com. We offer many of our products via a Software-as-a-Service model or a managed services model (both of which are referred to as a hosted or cloud-based model) as well as through term subscription and pay-per-use models. We also distribute certain products and services through a network of distributors, value-added resellers, systems integrators, independent software vendors, retailers and original equipment manufacturers. In addition, we license our technology to hardware manufacturers, software developers and service providers for use in their products and solutions. Our products run on personal and server-based computers, as well as on smartphones, tablets and other devices, depending on the product. We have operations in the Americas, Europe, Middle East and Africa and Asia-Pacific.

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

Our principal executive offices are located at 345 Park Avenue, San Jose, California 95110-2704. Our telephone number is 408-536-6000. We maintain a Web site at www.adobe.com where general information about us is available. We are not incorporating the contents of our Web site into this prospectus supplement.

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The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this prospectus supplement contains a more detailed description of the terms and conditions of the Notes.

Issuer	Adobe Systems Incorporated
Securities Offered	\$1,000,000,000 aggregate principal amount of 3.250% Notes due 2025
Maturity Date	February 1, 2025
Original Issue Date	January 26, 2015
Interest Rate	Fixed rate of 3.250%
Interest Payment Dates	Each February 1 and August 1, beginning on August 1, 2015, and on the maturity date for the Notes.
Ranking	The Notes will be the senior unsecured obligations of Adobe Systems Incorporated and will rank equally with all of its existing and future senior indebtedness from time to time outstanding. All existing and future liabilities of subsidiaries of Adobe Systems Incorporated will be structurally senior to the Notes.
Form and Denomination	The Notes will be issued in the form of one or more fully registered global securities, without coupons, in denominations of \$2,000 in principal amount and integral multiples of \$1,000 in excess thereof. These global notes will be deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company ("DTC"). Except in the limited circumstances described under "Description of the Notes Book-Entry; Delivery and Form; Global Note," Notes in certificated form will not be issued or exchanged for interests in global securities.
Governing Law	New York
Use of Proceeds	The net proceeds of this offering will be used for general corporate purposes, which, among other things, will include repaying \$600.0 million in aggregate principal amount of Adobe's 3.250% senior notes due 2015, plus accrued and unpaid interest thereon. See "Use of Proceeds."
Further Issuances	Adobe Systems Incorporated may create and issue further notes ranking equally and ratably with the Notes offered by this prospectus supplement in all respects, so that such further notes will be consolidated and form a single series with the Notes offered by this prospectus supplement.
Sinking Fund	None

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Optional Redemption	<p>The Notes will be redeemable at our option, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this prospectus supplement), plus accrued and unpaid interest thereon to, but excluding, the redemption date. See "Description of the Notes Optional Redemption."</p> <p>In addition, on or after November 1, 2024 (three months prior to the maturity date), we may redeem the Notes at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption. See "Description of the Notes Optional Redemption."</p>
Mandatory Offer to Purchase Upon a Change of Control Triggering Event	<p>Upon the occurrence of a Change of Control Triggering Event (as defined elsewhere in this prospectus supplement), we will be required to make an offer to purchase the Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to, but excluding, the date of purchase. See "Description of the Notes Purchase Upon Change of Control Triggering Event."</p>
Trading	<p>The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so and may discontinue market-making at any time without notice. See "Underwriting" in this prospectus supplement for more information about possible market-making by the underwriters.</p>
Trustee	<p>Wells Fargo Bank, National Association</p>
Risk Factors	<p>You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In particular, you should evaluate the information set forth under "Cautionary Note on Forward-Looking Statements" and "Risk Factors" before deciding whether to invest in the Notes.</p>

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Our summary consolidated financial information presented below as of and for the three fiscal years ended November 28, 2014 has been derived from our audited consolidated financial statements. Our summary consolidated financial information set forth below should be read in conjunction with our consolidated financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," both of which can be found in our Annual Report on Form 10-K for the fiscal year ended November 28, 2014, which is incorporated by reference herein.

(In thousands, except per share data)	Fiscal Years Ended		
	November 28, 2014	November 29, 2013	November 30, 2012
Statements of Operations Data:			
Revenue:			
Products	\$ 1,627,803	\$ 2,470,098	\$ 3,342,843
Subscription	2,076,584	1,137,856	673,206
Services and support	442,678	447,286	387,628
Total revenue	4,147,065	4,055,240	4,403,677
Cost of revenue:			
Products	97,099	138,154	121,663
Subscription	335,432	278,077	219,102
Services and support	189,549	170,326	143,017
Total cost of revenue	622,080	586,557	483,782
Gross profit	3,524,985	3,468,683	3,919,895
Operating expenses:			
Research and development	844,353	826,631	742,823
Sales and marketing	1,652,308	1,620,454	1,156,159
General and administrative	543,332	520,124	434,982
Restructuring and other charges	19,883	26,497	(2,917)
Amortization of purchased intangibles	52,424	52,254	48,657
Total operating expenses	3,112,300	3,045,960	2,739,704
Operating income	412,685	422,723	1,180,191
Non-operating income (expense):			
Interest and other income (expense), net	7,267	4,941	(3,414)
Interest expense	(59,732)	(67,508)	(67,487)
Investment gains and (losses), net	1,156	(4,015)	9,504
Total non-operating income (expense), net	(51,309)	(66,582)	(61,397)
Income before income taxes	361,376	356,141	1,118,794
Provision for income taxes	92,981	66,156	286,019
Net income	\$ 268,395	\$ 289,985	\$ 832,775