

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): January 26, 2024 (January 24, 2024)

ADOBE INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-15175
(Commission File Number)

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

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.0001 par value per share	ADBE	NASDAQ Global Select Market

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) 2024 Performance Share Program

On January 24, 2024, the Executive Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Adobe Inc. (the “Company” or “Adobe”) approved the 2024 Performance Share Program (the “Program”) under the terms of the Company’s 2019 Equity Incentive Plan, as amended (the “2019 Plan”), and granted awards of performance shares (“Performance Shares”) thereunder to members of the Company’s executive management team. The Committee established the Program to help focus key employees on building stockholder value, provide significant award potential for achieving outstanding Company performance, and enhance the ability of the Company to attract and retain highly talented individuals.

Under the Program, shares of Adobe’s common stock may be earned based on the achievement of both (i) an objective relative total stockholder return (“rTSR”) goal (the “TSR Goal”) measured over a three-year performance period comprised of calendar years 2024-2026 and (ii) a Net New Sales goal (the “Net New Sales Goal”) determined and measured over three one-year periods comprised of Adobe’s fiscal years 2024-2026. Each performance goal is weighted 50% and achievement of each performance goal is determined independently of the other. Eligible participants can earn between 0% and 200% (the payout cap under the Program) of their target number of Performance Shares.

Achievement of the TSR Goal is based on the rTSR of Adobe’s common stock during the performance period compared to that of companies that comprise the NASDAQ-100 Index as of January 1, 2024 (the “Index Companies”). Generally, the rTSR of Adobe and each Index Company will first be measured as the 90-calendar day average closing sales price ending on, and including, December 31, 2023 and then compared with the 90-calendar day average closing sales price for the period ending on, and including, December 31, 2026. No shares will be earned under the TSR Goal if Adobe’s rTSR performance ranks below the 25th percentile for the performance period. Additionally, regardless of Adobe’s relative position with respect to the Index Companies at the end of the performance period, the award with respect to the TSR Goal will be capped at 100% of target if Adobe has a negative absolute total stockholder return over the performance period. The Committee will certify actual achievement of the TSR Goal following completion of the performance period for the TSR Goal.

Achievement of the Net New Sales Goal is based on (i) net new annualized recurring revenue (“ARR”) in Digital Media and (ii) subscription revenue growth in Digital Experience, compared against public guidance determined at the beginning of each fiscal year. The Net New Sales Goal will be separately determined by the Committee for each fiscal year in the performance period, and the level of achievement of each goal will be certified by the Committee following the applicable fiscal year. However, no amount earned with respect to a completed fiscal year under the Net New Sales Goal will vest until the later of (a) January 24, 2027 and (b) the final certification date that occurs at the end of all performance periods for the Program (such later date, the “Vesting Date”). As described in our Annual Report on Form 10-K for the fiscal year ended December 1, 2023, we define Digital Media ARR as the sum of Creative ARR and Document Cloud ARR. We define Creative ARR as the sum of: (1) the annual value of Creative Cloud subscriptions and services, plus (2) the annual contract value of Creative Enterprise Term License Agreements. We define Document Cloud ARR as the sum of: (1) the annual value of Document Cloud subscriptions and services, plus (2) the annual contract value of Document Cloud Enterprise Term License Agreements. The calculation of the achievement of the Net New Sales Goal for each fiscal year will be adjusted to exclude the effect of material mergers and acquisitions and foreign currency exchange rate fluctuations. In connection with approval of the Program, the Committee approved the payout schedule for the Net New Sales Goal for fiscal year 2024, which identifies the percentage of target shares payable based on achievement of the Net New Sales Goal for fiscal year 2024. This payout schedule also applies to the Net New Sales Goal for fiscal year 2024 under each of Adobe’s 2022 Performance Share Program and Adobe’s 2023 Performance Share Program.

All earned Performance Shares under the Program will vest in single installment on the Vesting Date. Vesting is subject to a participant’s continued service to Adobe (or an affiliate) through the Vesting Date, subject to specific exceptions in the event of a change of control or termination by reason of death or disability. Accordingly, the Performance Shares align our executives’ interests with those of our stockholders, while serving as a key retention mechanism over the long term.

The target and maximum awards for the Performance Shares granted by the Committee to the Company’s principal executive officer, the principal financial officer and the other named executive officers* on January 24, 2024 are set forth below.

<u>Officer</u>	<u>Title</u>	<u>Target Award**</u>	<u>Maximum Award</u>
Shantanu Narayen	Chair and Chief Executive Officer	47,210	94,420
Daniel Dum	Chief Financial Officer and Executive Vice President, Finance, Technology Services and Operations	10,408	20,816
Anil Chakravarthy	President, Digital Experience Business	16,320	32,640
David Wadhvani	President, Digital Media Business	16,320	32,640
Scott Belsky	Chief Strategy Officer and Executive Vice President, Design & Emerging Products	9,159	18,318

* For purposes of this filing, the term “other named executive officers” refers to other executive officers who received awards and for whom disclosure pursuant to Item 402(c) of Regulation S-K was required in our most recent filing with the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended.

** 50% of the target award is allocated to each of the TSR Goal and the Net New Sales Goal.

A participant may receive less than his or her target award, and in no event may actual shares earned exceed the maximum award. Any shares issued under the Program are subject to recoupment in accordance with the Company’s clawback policies.

The description of the Program contained herein is a summary of the material terms of the Program, does not purport to be complete, and is qualified in its entirety by reference to the Program used in connection with the 2019 Plan, which is incorporated herein by reference as Exhibit 10.1. Copies of the Program and the form of 2024 Performance Share Award Grant Notice and Performance Share Award Agreement for use in connection with grants under the Program are filed herewith as Exhibits 10.2 and 10.3, respectively, and are incorporated herein by reference.

2024 Executive Annual Incentive Plan

On January 24, 2024, the Committee approved the terms of the 2024 Executive Annual Incentive Plan (the “Incentive Plan”) and designated the officers eligible for participation in the Incentive Plan. The Incentive Plan is designed to drive revenue growth and profitability, encourage accountability, drive execution of short-term priorities tied to long-term strategy and annual operating plan objectives, and recognize and reward the Company’s officers upon the achievement of certain objectives.

The Incentive Plan requires that the Company achieve at least (1) 90% of the GAAP revenue target for fiscal year 2024, based on the midpoint of initial public guidance provided by the Company in December 2023 (the “FY24 Initial Public Guidance”) and (2) 90% of the non-GAAP earnings per share target for fiscal year 2024, based on the midpoint of the FY24 Initial Public Guidance for such amount. If these initial thresholds are achieved, each participant is eligible to earn a cash bonus up to a maximum of 200% of such participant’s Target Award (the “Maximum Award”). The “Target Award” is calculated by multiplying a participant’s base salary (prorated for any changes during the fiscal year) by a Committee-approved target bonus percentage.

For fiscal year 2024, the Target Award and the Maximum Award, expressed as a percentage of base salary for the Company’s principal executive officer, the principal financial officer and the other named executive officers are set forth below.

<u>Officer</u>	<u>Title</u>	<u>Target Award</u>	<u>Maximum Award</u>
Shantanu Narayen	Chair and Chief Executive Officer	200%	400%
Daniel Dum	Chief Financial Officer and Executive Vice President, Finance, Technology Services and Operations	100%	200%
Anil Chakravarthy	President, Digital Experience Business	100%	200%
David Wadhvani	President, Digital Media Business	100%	200%
Scott Belsky	Chief Strategy Officer and Executive Vice President, Design & Emerging Products	100%	200%

A participant's "Actual Award" is comprised of:

$$\text{Actual Award (\$)}^* = \frac{\text{Corporate Performance Result (\%)}}{\text{Result (\%)}} \times \frac{\text{Individual Performance Result (\%)}}{\text{Result (\%)}} \times \text{Target Award (\$)}$$

* Cannot exceed Target Award unless the Financial Performance Result (as set forth below) is at least 90%

The Corporate Performance Result is based on (i) our GAAP revenue and non-GAAP EPS performance against the FY24 Initial Public Guidance (the "Financial Performance Result"), which may range from 0% to 130% of target, as shown on the matrix attached as Exhibit A to the Incentive Plan, and (ii) a discretionary strategic performance adjustment by the Committee of up to 25 percentage points up or down based on the Committee's assessment of the Company's performance against its corporate priorities and objectives during the performance period. As a result, the "Corporate Performance Result" may range from 0% to 155%.

The "Individual Performance Result" is based on the Committee's assessment of each participant's individual performance including, without limitation, achievement of individual performance goals set by the Committee at the outset of the fiscal year, including diversity and inclusion goals. The goals are specifically tailored to each participant and aligned with the achievement of the Company's annual priorities and objectives. A participant's Individual Performance Result may range from 0% to 150%.

Once each component described above is certified by the Committee, the Actual Award earned by each participant under the Incentive Plan is determined based on the formula and terms above. Amounts paid under the Incentive Plan are subject to recoupment from participants in accordance with the Company's clawback policies.

The description of the Incentive Plan contained herein is a summary of the material terms of the Incentive Plan, does not purport to be complete, and is qualified in its entirety by reference to the Incentive Plan, which is filed herewith as Exhibit 10.4 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	Filing Date	Number	SEC File No.	
10.1	2019 Equity Incentive Plan, as amended	8-K	4/24/23	10.1	000-15175	
10.2	2024 Performance Share Program					X
10.3	Form of 2024 Performance Share Award Grant Notice and Award Agreement pursuant to 2024 Performance Share Program					X
10.4	2024 Executive Annual Incentive Plan					X
104	Cover Page Interactive Data File (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADOBE INC.

Date: January 26, 2024

By: /s/ Dana Rao
Dana Rao
Executive Vice President, General Counsel & Chief Trust Officer
and Corporate Secretary