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PRESENTATION

Helyn Corcos - *Symantec - VP, Investor Relations*

Good morning, everyone. We're so happy to have you here. Welcome to Symantec's 2008 Financial Analyst Day. I'm going to start out really quickly here this morning with some forward-looking statements. There is obviously some financial information or materials here today that we're going to discuss that have some risks and uncertainties, and we certainly would want to encourage you to read risk factors in our Ks and Qs that get published.

In addition, we do discuss non-GAAP financials as well as GAAP financials, and all of those reconciliations can be found in our -- on the website and/or on press releases that we have already published. And without further ado, we will -- I'd like to introduce our CEO and Chairman, Mr. John Thompson.

John Thompson - *Symantec - Chairman and CEO*

Thank you very much, Helyn.

Helyn Corcos - *Symantec - VP, Investor Relations*

Thank you.

John Thompson - *Symantec - Chairman and CEO*

Good morning, everyone. We're delighted that you would join us. We've been in Las Vegas since Tuesday morning, hosting our annual customer conference, and I would have to say that each year that we do this, they seem to get better and better certainly as our story resonates more strongly with customers around the world. This is the North America event, but by the same token, it also has a strong international flavor with customers who have come in from far flung parts of the world to be a part of what is, in fact, the premier customer event for Symantec.

We're delighted that you would take the time to come here, to hear our story, for us to give you an update on our business model, our business plans and where we think we can leverage, if you will, the combined portfolio of Symantec. There's one phenomenon that is driving our business, and that is the incredible creation of digital content or information that medium to large enterprises around the world certainly have to contend with.

If you were to listen to any market analyst assertions about growth in data, they would say on average, large to medium enterprises will have 50% growth per year, representing a doubling of their information every two years. We tend to focus more on the unstructured side of that, and admittedly, some would say that's growing even more rapidly than data overall. Because data overall includes what lives and resides within the relational databases that many of the largest companies in the world use so prominently.

So with data growing every -- doubling every two years, that does represent a very significant catalyst, if you will, for growth to underpin our company. And we believe that no decisions can be made by customers today about the management of that data without thinking about how they would secure it as well. And so it's only natural that securing information and managing information start to, not only, converge, but start to be thought about as a common process.

Our goal is to help our customers do the best possible job at that, where we can help them manage and secure data for more diverse endpoints and points in their network, across more risk than any other company in the world. That is in fact the value proposition for Symantec, for every customer, large or small, consumer or enterprise, around the world.

We ended fiscal year '08 with very, very strong financial metrics. We were pleased with the performance in the year. We met all of our operating goals. Clearly, we were pleased with the last two quarters of the year, topping off what had been four or five consecutive quarters of very, very strong growth.

That growth is underpinned by the diversity of both our customer base and our product portfolio. And as we continue to improve the day-to-day execution of the Company, that certainly does bode well for us as we set the course for stronger performance in fiscal year '09.

We have a number of important products that underpin the long-term growth story of the Company, which you will hear about today. But they include things like email archiving, storage management, what we're doing in the systems management arena, and clearly our Consumer business that is a very, very important, not just source of revenue growth, but source of earnings and cash for the Company overall.

We continue through the fiscal year '08 period to focus on operational improvements that would yield better bottom-line performance for the Company. And while we were focused on top line growth, we were also focused on managing the cost structure of the Company more tightly. And we ended the year with $300 million -- $350 million, less than we would have had we not gone on the diet, if you will, to get costs in line for the Company, to make sure that we were managing both top line growth, earnings growth, and quite frankly, operating profit growth.

Security and storage continue to be the prominent things that customers are going to spend money on. And even in good and bad times, it's our expectations that while we're not immune from a broad macroeconomic melt down, we certainly are in product categories that customers feel they must continue to invest in, given the importance of them managing and securing the critical information that drives their businesses.

As we move into FY '09, and we said on our earnings call, as we started the quarter, we're off to a very, very strong start. We had the strongest pipeline for any June quarter that I've seen in the time that I've been here at Symantec, and clearly, our product portfolio is in the best position that its ever been across the board, be it Consumer or Enterprise, and even within each of those, the strength of the portfolio is starting to shine through.

Our expectation is that we will have to leverage our core businesses and use that as a point of leverage or reference to move into new areas that can further accelerate top-line performance and top-line growth for the Company. And so our core businesses, back up, our consumer security business, as well as our Enterprise Security business represent strengths for the Company that if we think about how we would extend those franchises in relative adjacencies, we can in fact see stronger growth than we've seen to date.

Some of the areas that we will focus on will be demonstrated here this morning or discussed here this morning. And so, you will have an opportunity to hear from our team where we are focusing our investments and how we would expect those to yield good strong growth. The refocus of our portfolio is more about making sure that we make the right bets in the areas that will protect the operating cash flows of the Company, but also complement the core businesses with strong, top line growth.

We would expect to continue to be in very strong financial shape as we work our way through FY '09, and when it's all said and done, it's about driving both top-line performance and bottom-line performance. And we've got a set of financial goals that James will share with you in some detail about what the long-term model for our company is all about, and how we expect to achieve revenue growth, margin expansion, as well as EPS growth.

We have a number of important areas that we will focus on from a product perspective this year. Obviously in the consumer business, the most important product category [or] product is Norton 360. It has been off to a stellar start with less than 15 months or so in the market, and it now represents about 30% of overall consumer sales. And recently, as was reported, I guess, in the paper, that we announced that we would acquire SwapDrive.

Or we didn't announce it, it was announced for us, that SwapDrive has been added to the portfolio. SwapDrive is, in fact, the backup capability that underpins Norton 360. And given its success, wee felt that it was better to have it in the portfolio as an owned asset as opposed to one where we would license it.

On the enterprise side, there are a number of areas of growth that we would expect this year. First, in the data protection arena, disk space backup and the concept of data deduplication are very, very strong drivers for us.

The customers that have been here this week have been overwhelmed, or have overwhelmed our team as they have come in to look at the discussion about NetBackup PureDisk, and how it represents a real opportunity for them to get control of the remote branch office environment, or get control of the large backup windows that they have and shrink those as time goes on. And so, our expectation is that that will in fact be a very, very strong contributor to FY '09's performance.

Furthermore, we will do more to integrate the endpoint security and our endpoint management technologies. And Brad Kingsbury is here, he'll talk about that, and what our plans are in that area. But suffice it to say that we will deliver a next generation Altiris platform, Altiris 7, that will incorporate many of the advanced features to automate the business processes for customers.

And so workflow automation will take labor out of the process of managing endpoints, be they servers or clients, and should be a strong, strong catalyst, if you will, for us to be competitively positioned well ahead of anyone else who is in the endpoint security and endpoint management space.

It's about delivering a single pane of glass that allows a customer to secure and manage the endpoint devices. Because many of the security vulnerabilities that do show up on those devices are about misconfigurations of either the hardware or the software. And so the Altiris product, more tightly integrated with, in fact, our security technologies will be a very, very important step that we will make this year as we integrate those capabilities.

Furthermore in the enterprise space, there are two other broad, broad categories of opportunity for us this year. One is compliance, or what many call governance risk and compliance, or GRC. It's our belief that by bringing together our strong portfolio of both agent-based and agentless technologies, will give our customers a capability to do a far more thorough job of assessing their risk and taking remedial actions to deal with exposures that they find against their compliance frameworks. And Francis deSouza will be a part of the board this morning or the panel discussion this morning, and you'll hear more about that.

And finally, as we wound down fiscal year '08, we acquired a little company called Vontu. And Vontu is all about the concept of data loss prevention. And while there are many technologies that can be applied to the broad category of data loss prevention, suffice it to say that it's our view that the more knowledge you have about the actual content itself, the better you can perform the issues of what data should I protect, and how should I protect that information?

In other words, with 50% growth in information every year, you can't protect everything. And so customers have to become more selective about where they apply the protection process in such a way that intelligence and insight about the character of the data itself drives the decisions about encryption or loss prevention, or whatever technologies you apply beyond that.

This represents a great opportunity to leverage it across our portfolio, not just Vontu as a capability onto itself, but Vontu's capability integrated with archiving, integrated with backup, integrated at the endpoint. The notion being that if you can in fact integrate these technologies, you can deliver a much more holistic and much more feature-rich capability that customers expect from us.

Long term, I think there are a couple of trends that we, as a company, cannot ignore. And as I've said before, no CEO in this industry can stand before either a customer group or an analyst group and not talk about virtualization. And clearly, we will participate in that phenomenon. Just this week, we announced our data center based approach, which is called the Veritas Virtualization Infrastructure.

It is taking essentially our clustering and file systems and volume management technologies, and integrating them more tightly with the XenSource hypervisor, where in fact we will deliver, along with Citrix, a very, very strong capability for virtualization in the data center. Now that being said, we would expect to support anyone's hypervisor.

So we will play in the world of virtualization just as we play the physical world. And that is, we will be heterogeneous. So we will support XenSource, but we'll also support Hyper-V when Microsoft delivers that, as well as VMware as we continue to do today.

Long term, we think though, endpoint virtualization represents a significant opportunity for our company. Given our strength at the endpoint and given some of the things that we now have in our portfolio with acquisitions like Altiris and AppStream, they give us an opportunity to deliver an endpoint virtualization approach that we believe it will resonate well with customers as they think about managing down the cost and complexity associated with the disparate number of endpoints that they have in their environment.

And Ken Berryman will be on stage today and he'll give you some more insight into exactly what we're doing there. Suffice it to say, this is a big, big area of opportunity for us. And with our software virtualization solution that's already in the marketplace, we have a very strong position in the market, and a lead on many of the more marquee names that people tend to talk about. I'd rather sell stuff than talk about it, and I guess we ought to start to do a little bit more talking about it.

On the SaaS side, another area of big opportunity for us is delivering our software as a service. We delivered or announced the first of those offerings this year in February of this year, with something that we call the Symantec Protection Network. Internally, it's referred to as [SPN]. The notion is that, let's build out a substrate that has all of the relevant metering and provisioning capabilities, and then on top of that, deliver a range of software based services that our customers can subscribe to on some period basis.

The first two offerings that we delivered were targeted at the SMB market, and they were an online backup service and an online disaster recovery service, very tightly linked to our Backup Exec product, which is in fact the market leader for mid-market backup.

The notion there is no one else can duplicate that capability. Certainly no one else has to date. And given the very, very strong market share position that Backup Exec has, it gives us the unique way to enter the market for SaaS, where we have the built in customer base that can now avail themselves of an expanded service.

We will deliver a range of additional services on top of this substrate that will focus on three important categories where we have a portfolio of products today. That's archiving, messaging, as well as the whole notion of security or endpoint protection. And those things will come out as offerings, if you will, on top of the Symantec protection network as the year unfolds.

And then finally, there is a significant opportunity, long-term opportunity, around consumer-based services. Many of the consumers that call into our call centers for support are frustrated that they really don't know how to manage what's going on at the endpoint devices they have in their home. And they would love to turn to us or anyone who can help them do a better job of taking the complexity and frustration, quite frankly, out of managing that device.

And so, we've had a small team working for about a year now and they've built a great little consumer service. And you'll hear more about that from Janice, as she's up here to talk about exactly what we're doing in the Consumer Services business that does represent a significant revenue growth opportunity for us, and one that we're investing in this fiscal year and beyond.

So, this is a great time for Symantec. I think we've weathered the more challenging issues associated with bringing the two companies together, bringing many of the companies and capabilities together that we have in our portfolio. Our portfolio has never been stronger, and quite frankly, our team has never been stronger.

And a reflection on the strength of the team is as much about their attitude as it is their capability. Because they're all bound by the view that we're here to drive value for employees and shareholders, and I think it's appropriate to introduce each of them now, as you will have an opportunity to hear from them throughout the day.

So first, our Chief Operating Officer, Enrique Salem. James Beer, our Chief Financial Officer, Greg Hughes, our Chief Strategy Officer, Mark Bregman, our CTO, Janice Chaffin, the Group President of our Consumer business. Francis deSouza, who leads our Information Risk Management Business, Brad Kingsbury, who leads our Endpoint Security and Management Business. Deepak Mohan, who leads the Data Protection Group.

Rob Soderbery, who leads the Storage and Availability Management Group. Ken Berryman, who leads the Endpoint Virtualization team. David Thompson, who leads our Services and IT Infrastructure team. Art Courville, our General Counsel. George Harrington, our Chief Accounting Officer. And finally, Rowan Trollope, who's the Engineering Leader for our Consumer team.

This is a fabulous team. They all beat me to the stores to rent the suits and ties, so that's why I don't have on one and they do. But they are here today to -- I couldn't help it. They're here today to talk to you in some detail about what's going on in our business, so you have a clear understanding of not just what we're doing, but why we're doing it. So thank you very much, and I'll introduce our next speaker. It's you. Mark.

Mark Bregman - *Symantec - CTO*

You're pointing to him?

John Thompson - *Symantec - Chairman and CEO*

No, no. You didn't know you were next?

Mark Bregman - *Symantec - CTO*

No, I did. But I -- you were pointing at Enrique, and I was worried. Thanks, John. We have to wear the tie, so we have something to clip the microphones onto. So I'm Mark Bregman, I'm the CTO of Symantec, and I want to talk today about some of the longer-term growth opportunities. And then after I speak, Greg Hughes will talk about some of the nearer term sort of overall strategies that we have.

But I'm going to be talking about some of the longer range, maybe three to five years out, how we see how we can take this business forward from where we are today into the future. So first of all, let me tell you a little bit about the role of the CTO office within Symantec. We cover a number of different areas, primarily we're focused on the long-term strategy, and aligning our investments and technology with our business priorities.

As I said, we explore longer-term technologies, and in particular, we have a Symantec Research Lab that's very active in exploring things beyond the time horizon of our business units or in areas that are maybe adjacent to, but not in the heart of our core businesses today.

The third thing we do is we drive standards. Standards are incredibly important as the markets become more complex, and we try to work with other players around the world. And so, we both drive standards adoption inside the Company, but we're also very active externally in driving standards throughout the industry.

We spend a lot of time supporting our M&A activity and doing the technical due diligence that's necessary to be able to do the acquisitions that have helped us grow at the rate we've been growing. And finally, we have a team that delivers core shared technologies that are consumed by multiple business units across the Company.

Let me talk about how IT has fundamentally changed the nature of the work. Over the last many years, as IT has moved -- become more central in many, many businesses, we've seen a lot of changes. This chart is from Gartner, but it's really, I think, representative of those changes. We've shifted from the organization man, to much more of a free agent environment. Bureaucracy, which was needed to organize these large complex organizations has moved to more of an ad-hoc-cracy. And I think we all recognize that we live today in a 24-by-7 world.

The shift has changed the environment in IT from one that was often characterized as mind numbing routine, let's just do everything the same every day, to one in which Gartner characterizes it as terror inducing novelty, as new technologies and new applications come into the environment at a dizzying pace. And it's, of course, causing this terror to many of our customers, and we try to help them overcome that.

And finally, we're learning how to act locally, as Gartner refers to it, combining the ideas of think globally, act locally, and to really one thought as more and more companies are really global.

We've also moved from the hierarchical command and control system, to many more self-regulating systems. And in fact, a lot of the GRC things that you'll hear about, the governance risk and compliance, is an attempt to get better automated control over these rapidly changing systems to supplant that traditional hierarchical command and control system.

Now one of the major trends that we see is that personal technology use is starting to really drive the enterprise. When I started in the work place, I came up through a technical role, so I'd used computers before getting into the office, but many people of my generation, when they came into the work place, the first place they really used computers was in the office. They were told by IT this is a computer, here is how to use it.

That's not true anymore. It's really surprising when you look at the distribution of employees in our own company and others, more than half of them were born in an era in which they grew up with computers, mobile phones, their expectation coming into the work force is I already know how to use IT. I'm going to tell the CIO how to do it.

They have their own ideas and they're bringing not only technologies in the sense of devices and approaches, but a lot of new applications with these blogs, Skype, Facebook, these kind of things are becoming enterprise applications as they get dragged in by the employees.

The other thing that's happening is the explosive growth of mobile devices. And on the right, you see some of the data on that. Smartphones, smart mobile devices, are outstripping PCs by a very large number in terms of their shipments, and eventually, very soon, they will dominate in terms of the way people access the web, and in many cases, access applications.

The employees are bringing these to work and they expect IT to support their mobile device. The days in which IT can dictate the standard are vanishing. In fact, a number of large companies, BP is one that's talked about it quite extensively, have moved to a model in which they basically say, look, you bring your own PC to work. You bring your own mobile device. We'll accommodate it. Because, just like other things, your wrist watch, you need a wrist watch to know what time to go to the meeting, but the company doesn't give you one. You're expected to have that.

Just like that, they're expect these to just be natural tools that employees bring to work. But, of course, that leads to lots of complexity. In fact, I think it's striking that just this week, Steve Jobs, who recently took the word computer out of the company's name to make it a consumer products company has kind of turned it back the other way and announced the iPhone as a key enterprise tool. So this mingling of enterprise and consumer is really clear.

So, what are the implications of this consumerization of IT? Well, I think there are -- we look at it in two ways. First of all, what are the implications to the consumers themselves? They're driving many of the IT decisions and it's leading to a confusing intermingling of personal and enterprise information on these devices. On a laptop, I've got personal data. I've got corporate data.

On my mobile phone, I have corporate data. I have personal data. What does that mixture mean? Well, consumers worry about how do they protect their data? How do I protect the data on my laptop? How do I protect the devices and the infrastructure that's mine? And ultimately, how do I protect myself -- my own identity, my own personal private information?

Well, when we think about it, that has implications for us. What does it mean for the future of data protection? What does it mean for the future of endpoint management when these endpoints are critical to the enterprise, but owned by the consumer? And what does it mean in terms of how we might be able to leverage our existing consumer presence to help support the challenges as the consumers bring technology and applications into the enterprise?

Well, here are a couple of examples of things we're exploring. So one of them is an opportunity we see to help consumers and enterprise untangle the data they have, while protecting it from loss. So I gave the example of having a mixture of personal and enterprise data on my laptop. Clearly the enterprise wants to backup and protect the enterprise data. As the consumer, I want to protect and backup my personal data. I don't really want my personal data stored by the enterprise, and the enterprise certainly doesn't want me storing enterprise data at some arbitrary consumer backup site.

So we had envisioned a solution, which could leverage our online backup solutions that are, today, in Norton 360 for the consumer, and our recently announced SPN, Symantec Protection Network, solution together with some of the technologies we have from Vontu for data classification, and other technologies that would allow us to provide a new service that can backup the data on a laptop, but in the process of backing it up, segregate it.

Make the corporate data available to the corporate IT people, as it should be. Ensure that the personal data is available only to me, because it's my data. And if I were to leave the company, I could still now maintain that relationship with the service provider, with Symantec, and keep my personal data, and of course the enterprise maintains access to the enterprise data.

So we think this is a pretty interesting opportunity, and we're really at the threshold of the ability to deliver this by starting to combine the technologies that we have in our online SaaS solutions, as well as data classification and other technologies that will let us steer the data to the right place.

Another opportunity is to help improve management of the endpoint. The key issue is how do I, as an enterprise, manage and control, ensure compliance and security, of an endpoint device that isn't mine -- isn't belonging to the enterprise? It's the consumers'.

Well, endpoint virtualization, taken together with our network access control, application streaming and our endpoint management technologies, enables us to envision the delivery of an application segment, think of it as a segment or a sandbox, to the endpoint that's owned by the consumer.

Isolating the enterprise applications and data, protecting them from whatever else might be on the consumer system, ensuring that the consumer has access to those applications -- the user, the employee, as a consumer, has access to those applications on demand as they need them. But that we can also ensure that when they disconnect from the network, for example, they no longer have access if that's appropriate. Or perhaps they have access, but we can turn it off if they're no longer authorized to have access.

This endpoint virtualization will ensure that the enterprise applications aren't affected by other applications and settings. We won't have the problems we have today, where a consumer changes some settings in the laptop and now they have to call the help desk. And they also ensure that the corporate information doesn't leak out into the personal side of the laptop, where it could be lost or create a problem in terms of data disclosure.

So these are two major areas that bring together technologies that we have in today's portfolio, but they create future solutions, which we see as big opportunities, driven by the consumerization of IT. But both of these applications really require another capability, and that is identity. We need to be able to provide an identity solution.

And when we think about identity, the challenge is there's more to identity than what we normally think of as an identity solution. And the reason is that when we say identity, we usually think about people. I need to be assured that you are you. And that's clearly an element of identity, a very important element. But we also have to understand, when we talk about people, there are very diverse attributes.

Yes, I'm an employee of Symantec. Yes, I'm in the CTO department. But at the same time, I'm also a customer of a particular bank, with certain financial attributes. I'm also a patient of a particular medical practice with certain health attributes. I have many dimensions to my identity that I need to be able to assert and share, but I want to be -- I as the user, the consumer, want to be able to control what information is shared with whom.

I don't want to be sharing my health records with my insurance company. I don't want to share my financial records with my doctor. And so, creating a new kind of identity solution that will allow that is very critical. In fact, when you think about this challenge of the consumerization of IT, the breakdown of the organization structure, the extension of the information supply chain outside the enterprise, there's another interesting challenge.

Think about an example of an auditor, who works for a financial firm who is contracting with Symantec, for example, to do an audit. That individual wants to get on -- or needs to be able to get access to certain parts of our information systems. If we had a more universal identity solution, rather than creating a Symantec ID for that individual, we could utilize the ID they have already, which would be the same one that their employer uses. We could authorize them access for the period of time they need it, vastly simplifying the management of identity.

That's for people, but we need to think about identity as extending beyond that. For example, to systems. Today, there's a lot of talk about how to create a system identity or a system fingerprint, so that I know that that laptop is the same one you used yesterday. That vastly simplifies a lot of the access control.

But there's some things we need to do beyond that become part of the system identity. State information. With various regulations and location-based services, you can imagine a situation where, for example, a financial planner traveling around Europe with clients in many countries might be allowed, under law, to access the Swiss customers' financial records when they're in Switzerland, but maybe not when they're in Turkey.

You might have a regulation or even just a corporate policy that says, Well, you can access this important corporate information, but we really don't want you accessing it when you're in the airport or in a Starbucks where other people might be looking over your shoulder. And that's part of the additional identity or state information related to the system.

And then finally, something that we see as a very interesting and very important opportunity going forward is extending identity to all digital objects. And by that I mean documents, images, all the kinds of objects we think of today that we're dealing with and exchanging between ourselves, within our enterprise, across boundaries of enterprise and even in our personal life.

We can see a day where we can extend that identity through content awareness, and an improved, more scalable key management infrastructure solution so that we can imagine true digital rights management where each object is aware of who is allowed to access it, and then combined with an identity solution, that access is either allowed or denied.

That would change quite dramatically the way we think about data loss prevention, things like encryption on hard drives or on tapes, because we'd be able to protect things at a much more granular level, at the level of the actual digital object.

So let me summarize. I think consumerization of IT, we've heard about -- a lot about it. It's clearly transforming our industry, it's transforming the IT function in all enterprises from large to small. Small businesses are often operating with purely consumer technology today. Large enterprises that have wanted to control things from the top down are being forced to adopt technologies because the consumers -- the employees as consumers are bringing them in.

In fact, in some large government installations, I've even heard that the government, the defense department, is being forced to adopt us because they want to hire the best talent. And if they don't adapt to these new technologies and allow their new hires, their new recruits to use them, they limit their ability to recruit the best talent. And so this consumerization transformation is really driving change.

With our leadership in data protection and our trusted position with the consumer, our leading endpoint protection and our management technologies, along with some of the new things we're investing in and you'll hear about today, like endpoint virtualization and application streaming, we think we're positioned to be the winner as this transformation unfolds.

Because if you think about Symantec, after all, what we do is protect, secure and manage all the world's information, and that means both the consumer and the enterprise. And, as they become more intermingled, we're in the best position to continue to do that. So thank you very much.

And now, I'd like to invite Greg up here to give us a view of more of what we're doing today.

Greg Hughes - *Symantec - Chief Strategy Officer*

Thanks, Mike. Good morning, everyone. I'm going to talk about growth this morning for the next 25 minutes. There are a number of financial factors that underpin our investment thesis. But, for the next 25 minutes, I'm going to focus on our top-line growth. So, that's revenue growth and deferred growth. And what you're going to get at the end of the 25 minutes is a clear picture of how we expect to achieve our long-term growth objective of 8% to 12%.

And what you're going to hear about is the way in which we're managing across our products as a portfolio, shifting investments into areas of higher growth, and also using the product lines across the portfolio to exploit our advantaged positions and really to leverage the positions that we're in. So I'll start with discussing my role, talk about our corporate strategy, our portfolio strategy, and then go through the five specific engines of growth that will drive us to our long-term growth target of 8% to 12%.

So let me start with our role. This is a new role for Symantec, the Chief Strategy Officer. And we started this role -- John decided to create this role essentially to optimize across the portfolio. Because we fundamentally believe there are opportunities to optimize across the portfolio, and we were not necessarily capturing, optimizing business unit by business unit.

My job, my role, is focused on growth. I work really closely with John, Enrique, James, Mark, the product line leaders, to help make sure our investments are focused on those areas that can drive growth, and that we're leveraging across our product line at three specific functions.

The first function is our corporate strategy. Which is around, primarily around, our portfolio investments and our portfolio management approach. The second function is corporate development, M&A. And the third function is a new function for Symantec called our new business incubator. The purpose of the new business incubator is to identify and invest in those businesses that we believe we can organically grow, and to help nurture those businesses for success.

So if you take all of this together, it's really about helping to reshape our portfolio, positioning it for longer-term growth. So let me start with our corporate strategy and touch on that for a moment. And then I'll talk about our portfolio strategy and our five engines of growth.

So we've talked about this morning, our strategy to secure and manage the world's information. And what's important here is to understand that it's two sides of the same coin. So when we talk to customers, when they come into our briefing center, when we go and visit them, they're constantly challenged with this explosion of information that they're trying to deal with.

It's just been tremendous explosion of information. And most of the new information is in an unstructured form. So emails, videos, messages, all sorts of unstructured information and it's highly valuable. So one challenge is you're trying to deal with, how do I manage this? How do I back it up, retain it, recover it, archive it, search for it? Just managing all of that information. A big challenge, big growth driver.

Now it's very valuable. So there's lots of people who want access to that information. A lot of them have very malicious intent. And they're getting more and more sophisticated, using multi-pronged attacks, to get after that information. And we see an explosion in approaches, very sophisticated approaches, from the outside to get that information.

But also, not only is there an external threat, there's an internal threat. With so much information, the challenges of preventing it from getting leaked are growing a lot as well. Inadvertently losing this information is becoming a big issue. And the resulting data breach disclosures are skyrocketing.

So this is an important concept to understand. These are really two sides of the coin and these -- the growth drivers of that highest level that are fueling our opportunity at Symantec. And, it's really underpinning our overall corporate strategy.

So now, let me talk about our portfolio strategy and how are we, from a big picture standpoint, taking advantage of this big growth opportunity through our portfolio. We look at our portfolio on three horizons of growth. So the first horizon are core business franchises. They really fuel our current cash flow. So our business like backup, endpoint security, storage management, our consumer security business. Big businesses generating a lot of current cash flow.

The second area is the category of high-growth businesses. These are driving an opportunity to meaningfully add, meaningfully contribute to our top-line growth. Archiving, disk-based backup, compliance, messaging security, consumer services. Really driving high growth in the portfolio.

And then finally, we've got a set of emerging businesses, the purpose of which is to keep us relevant in the long run. To sustain our growth for the long term, as our customers' buying behavior and habits evolve. In the large enterprise, it's about virtualization, shifting towards virtualization. Small to medium business software as a service. And consumers increasingly wanting technology through cloud-based services.

So if you want to look at this from a big picture standpoint, what we're doing with our portfolio here is shifting resources, shifting investments towards those areas that represent high growth for Symantec. And at the same time, we're actively using the incredible strength we have in our core franchise positions to drive the growth in our other markets. And one of the things you'll really hear about today is that leverage we're getting. Keep -- listen for that as you listen to the product line leaders, the leverage we're getting across the product line.

So that was the big picture portfolio of strategies from a growth standpoint. Let me just touch on now, very briefly, what -- how we're thinking about our investments, the criteria we're using, and some of the real actions we've taken over the last six months to reshape our portfolio. All right? To sort of add and improve our portfolio.

So from an investment standpoint, it's important to understand that software is an industry where the winner gets disproportionate returns. So you really have to compete to win. So we have a set of very clear investment criteria that, quite frankly, stack -- that allow us to think about opportunities that stack the odds in our favor.

The first one is, does it leverage the core franchise? Are we're leveraging a core business we have and the opportunities and advantages we have with that? Second is how big is the market opportunity? It's got to be big. It's got to be big to matter to the size Symantec is now. What's our competitive position and how much traction do we have? These are the investment criteria that guide the selection of investments we're making.

And we've made a number of changes over the last six months. We've exited some areas. We're realigning others, and we're investing in still others. So as you all know, we divested our Application Performance Management business. The Precise business to Vector Capital. We realigned several businesses, starting with Services, which we realigned last year, really, refocused it from growth -- really driving towards growth, to also improving operating margins.

We're really focused on operating margin, and took actions on that in the December quarter last year. In storage management, we're -- we've taken advantage of some efficiencies there to realign that business, and the profitability of that business to the growth opportunities in storage management.

We plan to continue to stay at the forefront of product technologies in storage for these very important customers of Symantec. And in data center automation, we realigned some of our internal activities after we acquired Altiris.

From an investment standpoint, we acquired AppStream, you'll hear more about that later, that's of course our endpoint virtualization effort. From a streaming standpoint, it was a big partner of the software virtualization solution from Altiris. We invested in the joint venture with Huawei and we also acquired SwapDrive, the big partner for Norton 360 on online backup.

So here are some of the things we've done, really acted on, over the last six months to reshape our portfolio. So that's the corporate strategy -- portfolio strategy. And now, what I'm going to take you through are the five specific engines of growth that are fueling our long-term growth. These five specific engines of growth are going to drive us to meet our long-term growth objective of 8% to 12% growth.

The first one is to grow our core franchise businesses at or above the market growth. Second, is to scale some of these high-growth businesses to contribute substantially to our top line. Third, is to grow faster than the market in the fastest growing economies of the world. Fourth, we're going to sustain this growth by seeding some emerging growth areas. We talked a little bit about that earlier. And then finally, we're going to use M&A to complement our overall portfolio growth strategy.

So if you look at this, these five engines of growth, the very basic math is we can get to 8% to 12% through some combination of core business growth, scaling the high-growth businesses, going back through the market and the emerging economies and M&A. We're going to sustain that growth into the long run by seeding our investments in some of these longer-term areas. So that's our growth strategy.

Now, let me dive into each one of these areas and talk through that. First, core businesses. Four big core businesses, collectively, in a market that's projected to grow from $11 billion to $14 billion in 2011. That's a growth rate of 6%. We have leading market positions in every single one of these core market areas. With the highest market share.

And there are growth drivers in every single one of these areas. And you'll hear a lot about this today. Let me touch -- let me just kind of summarize the growth drivers that will sustain this 6% growth. Otherwise, this is just a projection. I'll give you a sense of where this comes from.

In endpoint security, the malicious attacks are just exploding. They continue to explode. You've got that in combination with the tremendous pressure of regulatory compliance, the importance of data in the enterprise, the opportunity around management and network access control, even encryption and other areas fueling the growth of endpoint security.

Consumer security is really driven by consumers needs to also store and manage their data and they're spending more and more time online. And we're seeing a lot of growth helping our consumers do just that. Our new Norton 360 product has a function in it that helps you manage your passwords. Helps you backup a lot of your information that you run on your PC. These are growth drivers driving our consumer security business.

In backup, big growth driver around disks. While unstructured data is growing, what's happening at the same time is disk prices continue to drop, which is making disk a very attractive alternative for the backup and recovery architecture in our customers. And that shift, we're very well positioned for as the leading provider of backup in the world.

And then finally, virtualization. You hear about it all the time. Very simply, the proliferation of virtual machines now going from development to production means that every one of those virtual machines has to be backed up. Who are you going to use? You're going to use your leader. That's driving our backup business.

And then finally in storage management, a big driver of growth there is the incredible increase in units on the x86 Platform. Windows. Linux. Really driving our storage foundations business. Now we continue to get growth from our standardization strategy. It really continues to be an appealing value proposition for our large customers.

And virtualization, as well, an opportunity for growth here. Because if you listen to customers who have used virtualization actively, one of the issues they will always bring up is the challenge of storage. Managing storage in a virtual environment. And we've made tremendous progress with the Veritas Virtual Infrastructure that we announced this week.

So to summarize, core businesses, big markets growing at 6%, we've got the leading market share, and there's tremendous growth drivers. We also have a very refreshed product line, and that's something to understand. We're winning awards across our product line. NetBackup 6.5 won an award at VMworld for best of VMworld for security and data protection. Our endpoint security product won PC Magazine's editors' choice award. And consumer security, we've been winning awards for our support -- best online support and runner up for best embedded support.

So big markets, strong growth drivers, number one position, refreshed product. That's why we're confident we can continue to grow our core franchise businesses at or above the market growth rate. So now let me shift to our high growth businesses. And these are areas where we're shifting investment into to fuel our growth in these markets. And we're also using those franchise positions I talked about to help leverage our positions here. I'll go through some real details on that, but let me just talk about these markets.

They're all double-digit growth rates, ranging from 12% to 93% and I had [them] check that several times. These -- the growth rates are phenomenal. Big markets, between $1 billion to $5 billion, projected to be $1 billion to $5 billion in 2011. We're in -- four out of five of these markets. We have the number one position. The number one starting position.

And what's going on in some of these areas? Consumer services. Very interesting. We'll talk about Norton Premium Services later, but the story there is a pretty interesting one. We started off by just offering fee-based services for virus removal and spyware removal. And helping our customers over the phone. And the customer said, well, can you help me with this? Can you help me with that? Can you help me with something else?

So now we offer PC Tune Ups, PC Check Up, even a Green PC offering. More and more offerings we can offer to our consumers. And extends the Norton brand in a very interesting way. Computer health from a name you trust. I think there is a big opportunity here and we'll talk more about it later, Janice and her team will talk more about it later.

Messaging security. We've bought Brightmail in 2004. Now we've -- also offer an appliance-based product, released an appliance-based product called the 8300. Very competitive, beating IronPort's product and winning against them, very competitive against that. We continue to stay number one in the messaging security market, growing very fast.

Compliance, we'll spend a lot of time on later. Francis deSouza will talk about our compliance strategy and the control compliance suite. Very simply put, a lot of pressure on compliance around the world, driving the growth in this business.

In archiving, the challenge is how to deal with that tremendous unstructured information in email, file systems, archive it in an area, and that's growing. We're the market share leader. And we have a product, an enterprise vault, that is the only product in the leaders' quadrant of Gartner's magic quadrant for five years running. Tremendous growth. Market growing at 37%.

And the biggest growth opportunity from a sheer growth rate standpoint is data loss prevention and just hearing about it in the hallways all week long, the interest in data loss prevention. Preventing the data breach that can occur when you've got so much amount of unstructured -- valuable unstructured information you're trying to protect. And disclosing that data breach can result in reputational damage, cost in reputational damage, cost in intellectual property loss. It's very valuable to protect against that, and we acquired Vontu in data loss prevention.

Now each of these categories is going through an interesting transformation as well. They're going from point products to full suite solutions, and that advantages Symantec too. Consumer services breadth of services. Compliance going from pure compliance to governance risk and compliance, which we'll talk more about.

Archiving, which was primarily about just dealing with the storage in email, now becoming a very vital part of the legal discovery process. Because very often the smoking gun in litigation is something that is in unstructured information, either a file or email, something like that. We can help with that. And data loss prevention going from just storage -- from loss prevention and storage in the network to the endpoint as well.

So, let me summarize in these high growth markets. They're very attractive markets. Big markets, with very high growth rates. And we are advantaged in these markets as well. We have number one positions in four out of five. They're adjacent to our core markets, so we can leverage the strength we have in our core markets. We have very strong products and we're number one. So we can -- we believe that combination of attractive markets and the advantages that we have are really going to drive our success in these business areas.

Now, let me shift from products to geographies for a moment. Here's a list of some of the fastest growing economies in the world. In EMEA, APJ and the Americas. Collectively, they're growing at roughly 17% year-on-year. That's what they're projected to grow. Very fast.

We're growing faster than the market in these fastest growing economies of the world. Now what's happening is India and China rapidly industrializing. That's driving the business of natural resources provided by many other countries on this list. That rapid industrialization, if you talk to our sale people in some of these countries, has led to massive investments in infrastructure. And now, they need to secure and manage that infrastructure.

So, we're seeing explosive growth in these countries, and we're investing behind it. So one of the things we did over the last year or so is open our research center in Chennai to complement what we have in Pune, India, to get close to the market. In China, we opened up our development centers in Chengdu, in Beijing to stay close to the market.

In India, just to give you some other examples, in India, we doubled the number of cities in which we have a direct office presence. In the emerging countries in EMEA, we invest -- we've been investing a lot in the sales engineering that supports our partners. So one of the real big objectives of Enrique, as he drives our go-to-market strategy, is continuing to invest in many of these emerging markets where we're growing so fast. And you'll hear more from Enrique later.

Now, let me talk about some of these seed investments and what we're doing there. So we look at this really as a way of making sure that Symantec stays relevant in the long run. Our customers are going to, over time, shift their preferences towards ways of consuming technology that lower their total cost of ownership or TCO. In the large enterprise, that's around virtualization, endpoint virtualization in particular now.

Small to medium businesses, it's around SaaS, and consumer, it's cloud-based services. So in the enterprise, endpoint virtualization is a really, really powerful concept. Because it's so expensive to maintain those devices you all have in front of you. The initial cost of buying a PC is about one-tenth the lifetime cost of a PC. That's what the estimates are. And that cost is driven by the tremendous cost of maintaining PC's, moves, adds changes.

And the reason that's expensive is, that the way in which the architecture works is the application is so connected to the underlying operating system and hardware. Endpoint Virtualization provides a layer there that allows enterprises to more centrally manage applications across the enterprise. Big cost savings. And Ken Berryman will talk much more about this.

What we've done in the endpoint virtualization area is acquired Altiris which had the software virtualization solution, which has won pages of awards in endpoint virtualization, and then recently acquired AppStream. In small to medium business our customers are moving towards SaaS because they don't have large IT organizations. They don't have large IT organizations to support their businesses. And we see this trend continuing.

We made investments in building Symantec Protection Network and launching the two offerings in February this year. Both an off and online backup offering, soup to nuts end-to-end online backup offering. and also an offering that really leverages Backup Exec.

And then finally in the consumer space, consumer is more interested in cloud-based services lowers the cost of installation and updates. Obviously, we have our online backup service for Norton 360, probably our first cloud-based service, if you want to look at it that way.

And then our family safety offering which you'll hear more about today from Rowan Trollope -- actually, I think, get a demo of the family safety offering, so that's pretty exciting. That's all about web based child safety. We think the Norton brand name and the trust and confidence our consumers have in it will translate online. And so we see a long term growth potential in here.

So now to M&A, M&A complements our portfolio strategy. It's about growth that compliments our portfolio strategy. And let me touch on each of the three areas. In our core franchise businesses we want to continue to consolidate and augment those businesses with tuck-ins, keep our technology fresh. We'll continue to do that to drive market share and profitability. Altiris and SwapDrive are examples of those kinds of acquisitions.

In our high growth business areas we want to extend the functionality of the businesses we have to continue to strengthen our position and stay in the lead as these categories expand. A good example of that is Vontu. And then in our emerging businesses, really important to enter new adjacent markets, where we see innovation that's relevant to our central mission, AppStream, a good example of that.

Now we will do acquisitions that have a good return on investment and that complement our portfolio strategy, strengthening our product set and strengthening our customer relationships. So these are our five engines of growth.

And let me touch on one other theme a little bit that's pervaded this conversation, which is about how we're leveraging our portfolio. The advantages we're getting across our portfolio. We start with these four franchise positions. They're really extraordinary positions. As I said, number one positions in each of these markets. From a selling standpoint represents large installed bases, so huge opportunity from a cross-selling and upselling standpoint.

And we can provide distinctive and differentiated value propositions in these high growth businesses through the interoperability we get in our core franchises. And that's what you'll hear as themes throughout the day. And one of the capabilities that really underlies that is the capability we've brought on when we acquired Altiris last year, the management capability.

And something that we -- that Mark Bregman referred to as our open collaborative architecture, that is helping to tie together these products to provide very differentiated value propositions for our customers. And one of the little secrets of that is an acquisition we did last year before I had my job, called T-Logic. Which does business process automation and workflow that really does help to tie this together. And you'll hear this today.

So this strategy of leveraging our portfolio and cross-selling, upselling and the differentiated value propositions, we call it our -- internally, our sling shot strategy. I think that's -- we just invented the name, but that's our sling shot strategy to drive our high growth businesses.

Let me give you some examples of the sling shots we're doing. In backup, we start with number-one backup position, NetBackup, leading market product, Backup Exec, number two. Now what we're seeing is that backup, archiving, disaster recovering, that's starting to converge for our customers. So that's starting to converge. And one of the things that they want is they want to be able to get all of this in multiple forms.

They'll want software applications to do it. They'll want to do it through disk tape and online, and very often some combination of all three. And what we're doing is really leveraging our positions in backup across this whole area. And in Backup Exec we released an agent for our Enterprise Vault product to make it very seamless to manage an archive and back it up. We did that the beginning of this year.

In NetBackup we're going to be offering a similar agent with our Enterprise Vault product by the end of the year. And as I talked about earlier our Backup Exec product really works seamlessly with our online storage products. So as a small business customer you can get a disaster recovery offering online, managed by Symantec, from a brand you trust. Huge opportunity here in leveraging our installed base and creating highly differentiated value propositions across this desk.

I'll touch on endpoint security and management. You'll hear a lot about this from Brad Kingsbury, and what we're doing to bring together our endpoint security and management products. But there's also ways we can leverage well -- all the way through, all the way through these horizons. Data loss prevention, integrating with endpoint security, and secure software as a service and endpoint virtualization, huge installed base. We've got 100 million endpoints that we secure, represents a huge installed base for endpoint virtualization and software as a service.

So this is really a theme, and it really came out here in the conference. And one of the things I was really delighted to hear about from a partner, flew from Sydney, Australia, was talking to him at a cocktail party last night. He was there, he was at Vision last year and came again this year. And I said, what were the -- what are some of the differences? And he said one of the things that I'm really hearing is a cohesive story, it's really coming together and really is exciting. And you'll hear this today.

So you just heard our corporate strategy, our portfolio strategy and the five engines of growth. From a corporate strategy standpoint we believe the opportunity to secure and manage the world's unstructured information is tremendous. And we're very well positioned to go after it. We're also aggressively managing all of our assets as a portfolio, striving to cross-selling and upselling, shifting investments, driving differentiated value propositions across the portfolio. We've got five specific engines of growth, and we're confident we can achieve our long term growth objective of 8% to 12% top-line growth.

So with that, I think we're taking questions and answers at this point.

QUESTIONS AND ANSWERS

Michael Turits - *Raymond James - Analyst*

Hey, guys, good morning, [Michael Turits] from Raymond James. Lot's of very exciting areas. One question that's for Greg, on strategy perspective. In endpoint virtualization which is a very high priority market for a lot of people you -- it seems like as if you are putting yourselves in position of competing against some very large companies including VMware, and Citrix and Microsoft who are focusing on developing broad -- broad product portfolios in those areas.

And plus those are your -- those are also your partners. So it seems as if you are straddling across from management of platforms to being in those platforms. Can you elaborate how you'll be managing that long term?

Greg Hughes - *Symantec - Chief Strategy Officer*

I'll let Ken talk about this in more detail. But we have a different approach and our products are based on an application streaming concept, which is different than the VMware's BDI approach and Citrix' presentation manager approach. So we're going to talk a lot more about that later. But we think it's a very complementary approach and a very strong value proposition.

Katherine Egbert - *Jeffries & Company - Analyst*

Good morning. Katherine Egbert from Jeffries. I have a question for you Greg. Which is, with respect to M&A, can you give us sort of the next layer down in detail, meaning metrics that you look at when you're doing deals, like internal rate of returns, timeframes on that return and things like that?

And then also, you've done a lot of M&A in the past some of its worked really well, some not so well. What are you doing different with things like SwapDrive and AppStream? What did you learn from that?

Greg Hughes - *Symantec - Chief Strategy Officer*

Look, I think that the two metrics that John keeps reminding me about are, one is we want to be able to get our cash back. So we want to be good stewards of the cash that we have and get good return on investment for our shareholders. And that's largely about driving synergy in these businesses. And finding businesses that really add to our portfolio where one-plus-one is three or more.

And the second is, from an accounting standpoint to make sure that many of the deals we do are accretive. And that's essentially the two metrics we use from a financial standpoint. In terms of what we're doing differently, I would say the main -- we try to do accretive over the first 12 months. That's been the objective for our acquisitions. So that doesn't really change. I think the big change here is more about two things.

One is we're bringing together corporate strategy and M&A. And we had those functions within the Company but they weren't under one roof, so to speak. And I think there's really value in bringing those two together and making sure that they fit a little bit more tightly. And that was one of the big objectives John had in creating the role in the first place.

And secondly, I think it's that we're really working across the product lines. And so much more -- we had a structure that was optimized business-unit-by-business-unit, now it's much more about finding the best investments for Symantec overall. I can go through the two large [differences]. You want to add anything to that?

John Thompson - *Symantec - Chairman and CEO*

No. I think that covers it pretty well. I think the reality is M&A is a little bit like internal development. Sometimes you're going to have a fit, and sometimes you're not. You just want to make sure you can minimize the number of times when its not.

Arguably you'll have a point-of-view about this transaction and that transaction, but our investment strategy is a long-term view of what we're trying to accomplish. And this company has never been better positioned, given the dynamics of what's going on in the industry, then it is right now, independent of any given transaction that we might have done.

Steven Ashley - *Robert W. Baird & Co., Inc. - Analyst*

Steve Ashley from Robert Baird. You kind of broke your business down into the franchise, the high growth businesses and the emerging businesses. I wonder if you can give us some sense for the size, as a percentage of your total revenue, or maybe the high growth business area, and how fast you might hope to grow that in the future. Thank you.

Greg Hughes - *Symantec - Chief Strategy Officer*

I don't think we break it out that way, James. Do we --?

Unidentified Company Representative

Suffice it to say it needs to be more.

Greg Hughes - *Symantec - Chief Strategy Officer*

You can get a sense just looking at our market share in this market so that would give you sense of the size, but we don't break it out that way.

Rob Breza - *RBC Capital Markets - Analyst*

Hi, John. Rob Breza from RBC. Wondered if you could talk about -- you talked about entering the quarter with a very strong pipeline and in your outlook the year seems very strong. Where would you say you're looking to improve upon? Or, what areas would you say you're going to try to focus on maybe turning this geography around or this product line around. Where would you say we should look to see the most improvement?

John Thompson - *Symantec - Chairman and CEO*

Well, we've only talked about our outlook for one quarter and that's this quarter. And we feel very good about that because of the strength of the pipeline as we came in, and quite frankly, the activity levels that we saw in every one of the geographies around the world. I think it would be fair to say that there's always something that needs to be worked on on a company the size and scale of Symantec.

And so, geographically we still have areas that we'd like to see stronger performance, Japan is an example, Germany continues to be an area that we are focused on. And so, it's not uncommon to have that be an issue at any given point in time in the Company.

From a product perspective, this is in fact the best product portfolio we've ever had. Our endpoint protection technologies, both at a consumer and enterprise level, are winning awards all over the world. Our backup portfolio is very, very strong, and the work that Deepak and the team are doing should drive even further progress there this year. And so our focus now is on, how do we integrate many of the component parts that we have acquired?

So Altiris 7 this year, the work that was done to bring T-Logic into the fold, and how workflow automation will be a key component of tying the various component parts of the Company together, is the focus of many of the business unit leaders. That's not a problem. We think that's a real opportunity before us. And many of the engineering plans this year are geared around that idea.

How do we now integrate to get better leverage? And if we integrate to get better leverage, we get better leverage in the selling process, not just in the customer implementation and install process.

Bob Becker - *Argus Research - Analyst*

Hi, I'm Bob Becker with Argus Research. And John, I have a question regarding the core businesses. You're trying to strengthen your market position, and I'm wondering how can you accomplish this without at least to some degree using price as a weapon?

John Thompson - *Symantec - Chairman and CEO*

I don't think we ever said price was not a point of consideration. But we're not going to compete solely on price. That is -- you don't take the position as the market share leader and decide I've got share leadership therefore I compete solely on price. We compete on the strength of our distribution capabilities, the strength of our innovation, and quite frankly, the reach of our brands both the consumer and enterprise brands around the world.

There are clearly isolated instances in markets around the world where a smaller competitor will want to take you on, on price, and we'll make decisions about that market-by-market. But as a general rule we do not, we do not view that price competition as a way to sustain our leadership position in any market.

Derek Bingham - *Goldman Sachs - Analyst*

Derek Bingham from Goldman. My question is you talked a lot about M&A in bringing stuff into the fold. Is there still stuff that you're looking at similar to the APM business in terms of rationalizing or divesting certain areas?

John Thompson - *Symantec - Chairman and CEO*

We have no active evaluations on -- I should let Greg handle this, but none, to the best of anything that's in the portfolio. Now, do we need to look at what is the level of investment in some areas compared to what the expected returns will be? Absolutely. But that's not about pruning from the portfolio. That's more about adjusting the investment levels to make sure that we get the right top-line and bottom-line contribution. So let me repeat, we are not analyzing the divestiture of anything -- anything.

Todd Raker - *Deutsche Bank - Analyst*

Hey, John. Todd Raker. Two questions for you. First, the growth target 8% to 12%. Any sense from what you think M&As going to make of the 8% to 12% -- what the organic growth profile would look like?

John Thompson - *Symantec - Chairman and CEO*

It's our view that M&A could be one to two, two to three points in any given year. The core, as was reflected in Greg's charts, is really going to perform in the six to seven range. And then the rest of it comes from these emerging businesses, and M&A on top of that. As a response to the mix, you'd love to have about an 80/20 mix between your core and your emerging opportunities, but that's kind of rule of thumb, if you will.

Todd Raker - *Deutsche Bank - Analyst*

And then second question, you [have] a very diversified portfolio today, how do you effectively take this to your salesforce and make sure that you're selling it into the customer base efficiently?

John Thompson - *Symantec - Chairman and CEO*

I think the real issue for us is the further we move toward more integrated capability the easier it is for a salesforce to sell it. Clearly, our storage foundation products have an affinity with a very, very high-end data center. There's a marketing campaign around those that reflects this notion of standardization and cost rationalization, if you will, for our customers.

At the endpoint what we've done is to integrate more and more of the component parts give us a unique proposition, if you will, compared to any of the competitors in the marketplace. And, I think Francis has done a particularly good job around this notion of information risk management, where our ITGRC and information-based security products are all tied together. So the notion is, create a solution set that has an identified buyer within the corporate organization, and then have the teams go forward to sell to that buyer segment.

John Difucci - *JPMorgan Chase & Co. - Analyst*

John Difucci from JPMorgan . Question for Greg. One of the things you talked about was the move to disk backup as a trend that you can capitalize as the leader in backup. I'm just curious, how do you really pay for that? Because isn't disk backup just a feature or function of your current backup products? Is it because some of your other competitors don't have competing products that are considered as good? Or, I'm not --.

Greg Hughes - *Symantec - Chief Strategy Officer*

We have a product called PureDisk that's our disk-based backup product. Deepak Mohan will be up later on to talk about PureDisk and our backup strategy. And quite frankly, our customers, our enterprise customers, they want good disk-based backup functionality, but they also want it to work with the rest of their backup systems.

And as the market share leader in tape, the best backup products for virtual machines, we also have a very compelling offering for disk-based backup. And it was one of the buzzes around the halls too, talking to our backup customers, is the excitement around PureDisk. So that is another product that we charge money for.

John Thompson - *Symantec - Chairman and CEO*

It's a priced extension, John, off the base from NetBackup.

Greg Hughes - *Symantec - Chief Strategy Officer*

Yes.

John Thompson - *Symantec - Chairman and CEO*

So you buy the base, and then you buy the incremental component called PureDisk that goes on top of that.

John Difucci - *JPMorgan Chase & Co. - Analyst*

Doesn't NetBackup have a disk backup component in it?

John Thompson - *Symantec - Chairman and CEO*

NetBackup's core strength is backup to tape. And this is an incremental -- you want to backup to disk then you buy this component.

Unidentified Company Representative

A couple of years ago we introduced disk as part of the tape backup product, disk staging, and that may be what you're thinking of. This is really disk as the end storage for the backup as the target. So it's quite a bit different, and it requires deduplication and other technologies to utilize the disk effectively, and that is in a [4P add-on].

Adam Holt - *JPMorgan Stanley - Analyst*

Hi, it's Adam Holt from Morgan Stanley. John, I had a couple questions for you about the Consumer business. Just taking the slides at face value you show almost 50% market share in a 7% growth business. But obviously, you've been able to do better than that for the last several years.

I guess the question is, do you move basic -- does the move beyond core security into storage and other desktop management areas enable you, do you think, to sustain better than market growth there? And then, could you talk a little bit about what your assumptions are for subscriber growth? And then also, is there average selling pricing?

John Thompson - *Symantec - Chairman and CEO*

Prices for us, given the shift from Norton Anti-Virus to Norton Internet Security to Norton 360, we've seen price expansion. In other words, we're getting more per aggregate unit given the price of the higher value product, and we would expect to continue that. And, I think Janice and her team will talk a little bit about some of the areas of opportunity that they see as extensions off of the current base of products that we have.

In terms of unit growth, clearly unit growth is important to us. And there are some channels that lend higher unit growth opportunities at higher price points, and those are the ones that we are much more focused on. There are clearly channel partners who can deliver great units at very low yield. And those are, candidly, less attractive to us because this is a business that we are optimizing around top-line growth and bottom-line contribution to the Company.

And finally we have, in the face of, very aggressive attacks by a whole range of competitors, large and small, our Consumer business has continued to do quite well while the economics of it have changed somewhat over the last couple of years because of the competitive dynamics. I'm quite frankly, proud of the top-line growth and the continued strong, strong operating margin performance in that business. And I would suspect we can continue that for some time to come.

Adam Holt - *JPMorgan Stanley - Analyst*

I guess that the obvious follow up would be, as you continue to see average selling prices moving higher and maybe work through some of these distribution agreements that you all have signed, do you actually see the opportunity to begin to expand margins again in that area?

John Thompson - *Symantec - Chairman and CEO*

I think that's a function of what happens in a competitive environment. We never would have forecasted three years ago to have the strength that we have today. Because we thought that there would be a more aggressive attack by a very large monopoly. And we've done better than we thought against that very large monopoly. So we'll see how the world evolves over the next few years. But I'm pretty pleased with the performance of the team so far in the face of very, very aggressive attacks from big and small companies.

Kevin Merritt - *Citadel - Analyst*

Kevin Merritt with Citadel. John, was curious, went through all the segments that you're attacking now, and looking to get into. Broader moves into more general systems management, that's been mentioned over the years, is that off the table for the foreseeable future?

John Thompson - *Symantec - Chairman and CEO*

We think the position that we have with Altiris is very strong. And there are things that we can do that would further strengthen that franchise. But we're not interested necessarily in trying to take on Unicenter or Tivoli or Open View in a face on approach. We do believe that we have a stronger offering than either of them for management of endpoints.

And we're going to strengthen that platform, and that's why we've asked Brad to manage the integration of both security and endpoint management in a single place. But the idea that you're going to dislodge Tivoli or CA Unicenter from the large data centers around the world, we just don't think that's a good expenditure of resource, be it financial capital or, quite frankly, the R&D resource we have in the Company.

So I think we go to a -- we introduce you. Look at that tie. Enrique Salem our Chief Operating Officer, come on up, Enrique.

PRESENTATION

Enrique Salem - *Symantec - COO*

Thank you. It's a tough act to follow. Good morning. And, John, I did get this from the store this morning, but they said they were going to save one for you. As you know, we just heard about some of the growth opportunities in the business, and I moved into my new role at the beginning of the year, and the goal was pretty straight forward. It was all about driving consistent operating results.

Now to do that you that you have to simplify what you're doing and focus on a couple of metrics that are well understood externally and internally by our team. So the three metrics that we're going to run this business by, first is revenue growth rate. Second is continuing to manage our cost structure while improving execution. And then lastly, market share.

From a market share perspective it comes back to -- I'm not interested in trying to prognosticate what's going to happen in the economy, what we will do is outperform the market. If the markets grow at 6%, we'll grow at 7%, if they grow at 7%, we'll grow at 8%. And so, those are the three metrics that we will focus and manage our business by.

Let's start off with revenue growth. Last year at this conference, [I] came up and talked about what are we doing around our go-to-market strategy. What specific change are we making to drive better performance from our field organization? And the first change that we made was we said we would take our specialists. Those are the folks who have a very focused set of products that they're taking to market. They represent about 10% of the overall salesforce, and we said we would focus them on new licensed sales. We did that in fiscal year '08.

As we move into fiscal year '09 what we've decided to do was to extend that. So now a majority, almost all of our sales force, is focused on driving new license. What that does is it drives higher [in-period] revenue, and we also then move to reducing what we call, installment payments. So we wanted our salesforce to drive longer term deals, but we didn't want them to basically collect the payments over multiple years. Again, this has the same effect of driving better in-period revenue results.

The other thing that we're doing, is we're very focused on tracking productivity. So looking at what are the steps that we can take to make sure that we're making it easier for our employees to do their jobs, to spend more time in front of our customers. That's things like simplifying quoting, improving forecasting, making it easier for them to get information about our products.

And so, a number of things that we're doing are making our sales force much more productive. That means, that what we'll ultimately get is a higher level of revenue yields per employee. And so, we track that metric very closely internally.

We then turn our attention to what are we doing around the cost structure. If you looked at Symantec, what was going on was we continued to have a couple of business silos, we had one big silo which was the traditional Symantec Security business, and we had another silo that was the traditional Veritas business. As we moved into this fiscal year one of the changes that we made was we said we would streamline the overall organizational structure, and we took out a management layer. So we took out a whole set of leaders at the top, and went to five product lines.

In that process, one of the things that we did, is we combined our backup businesses. We had one business, Backup Exec, doing very well, and we had another business, NetBackup. We brought those together under one leader, Deepak Mohan. And the idea there is that we can get some leverage or some sharing of technology. There's no reason, if you're going to backup exchange, that you have two different groups trying to figure that out.

If you're going to backup share points, you don't need two different groups trying to figure that out. So, we got some operating synergies from bringing those two groups together. But more importantly than the leverage we get from a technology perspective, is that we also now are able to tell one data protection story. Instead of having two competing efforts inside of the Company and potentially driving some confusion to our channel partners and our customers, we have one data protection story that we just shared with everyone here at this show.

The next thing that we did is that we looked at how do we combine our endpoint Security and Management business under one leader? So we asked Brad Kingsbury to bring those two groups together. As you've heard us say, the only way that you can have secure endpoint is it has to be well managed. Now, what does that mean? On Tuesday of this week Microsoft, as they do every month, have something they call Patch Tuesday.

What does Patch Tuesday mean? That means that they put out a pack of updates that are required to be deployed if Explorer, Office, Exchange, Outlook are going to open and you'll be secure. Now if you don't deploy those patches, you're not secure. That means you're not managing those devices and those applications effectively.

So what we're doing is we're saying you have to have the security technology, but then you also have to be able to manage that endpoint. So the only way you have secure, true security is by having both security and manageability tightly integrated. Now what this starts to do is put pressure on our competitors who have one or the other, some people will sell you security, some people will sell you systems management. We've integrated that into one set of capabilities, and we put one leader in charge of both product lines.

The other integration that we did is in our storage management area. We brought together our foundation suite of products with our storage management products under one leader, Rob Soderbery. And this, again, allows us to drive efficiencies and deliver new technologies around things like virtualization. At this show we announced the Veritas virtual infrastructure, that is really about combining some of these technologies to help our customers better manage their virtual environments.

The other area, as an example of trying to drive improvements on the cost structure, is we made some changes in our channel strategy. Symantec over the last 25 years has been very focused on a two-tier distribution strategy. But as we've built out a very strong direct salesforce where we're heavily engaged with each customer, it doesn't make sense to continue to leverage both a distributor and a partner to serve let's say the seven, eight, 900 largest customers in the world. So those deals will now give the customer the option to go direct. Again, just simplifying our channel go-to-market for the largest companies in the world.

The other thing that we'll do is we'll move from a two-tier distribution model to a one-tier for our largest partners. So if you're a platinum partner, you'll have the opportunity to buy direct from Symantec. Because if the distribution channel is not adding value there's no reason to keep them in the part of the equation. So we'll move them from being in that set of distribution to focus on where they do have value which is in the mid market segment, or with our silver, gold and silver partners.

The other thing that we've done is we've continued to drive a new set of automation -- a new set of technology that'll automate our delivery into the SMB market. We've proven in the Consumer business that we can move more and more of our business online. About 70% of our Consumer business is now done electronically. We believe the same is true in the SMB segment, where we can automate or simplify the renewal process for many of our products like Backup Exec and Symantec endpoint protection, ultimately driving more efficiency but higher renewal rates.

So, these are just a couple of examples of what we're doing from a channel perspective to drive efficiency and reduce the overall cost structure in our go-to-market capabilities. If you look at the numbers, we definitely have room for improvement on our go-to-market expense structure, and you'll see us both in fiscal year '09 and fiscal year '10 continue to drive those improvements.

The last metric that we focus on is all about increasing market share. One thing that's important when you try to do that is you've got to drive differentiation. I go in to many of our account calls, and we're competing with other vendors who are telling similar stories. What we've got to do is drive significant differentiation by bringing together the real benefit of our portfolio.

When you look at our Endpoint business we have over a 100 million endpoints that today are secured by Symantec technology. We've got to leverage that strength and now bring in the client management technologies that Altiris brought to the Company. We've also got to leverage our storage management strength, because as people try to virtualize their environment they still need file systems, they still need to backup data, they still need the high availability. So we've got to leverage our position in the Storage Management business to sell some of the new capabilities that are being delivered out of Rob's group.

Today, Symantec backs up half the world's data. 50% of all the world's data is backed up by either NetBackup or Backup Exec. That gives us a great opportunity to bring in some of the new technology that you heard Greg touch on, and that we'll touch on in a moment, like PureDisk, that is just a direct upsell into our current base. And so, we'll continue to leverage our position in the market on the backup and recovery space.

And then lastly, Janice will come up and talk about the consumer business where, again, we've got over 50 million active customers who continue to need more capabilities as they go online and try to buy -- buy music, or shop, or look for information, we need to help them protect themselves as they go online. We need to help them protect what their kids are doing online. And ultimately, there's a whole set of services that you'll hear Janice talk about that allows them to further monetize that installed base.

Now there's a number of markets that are very high growth and you heard Greg talk about them, but I can't go to an account today where we don't talk about two things virtualization, and information risk management. We're in a position because we've got such a strong offering in the data center to help our customers virtualize from the data center out.

But you'll hear Ken Berryman talk about what we're doing in endpoint virtualization, where we can combine the strength of Altiris capabilities with the strength of some of the things that have been done in the security space to deliver a complete endpoint virtualization solution.

The other area where we've seen significant interest is in the whole area of IT governance, risk and compliance. Customers have spent so much time and effort trying to comply with all the different regulations that govern their businesses. We can bring together a set of capabilities from internally developed technologies, and also from a number of acquisitions to create a new product, I'll talk about in a moment, called Control Compliance Suite 9.0.

Ultimately, our goal is to focus our investments. We will focus on three or four key areas, put more money against those areas and make sure that we can drive a differentiated product offering into the market place.

As we look at what we're also doing is, how do we tie this portfolio together? Having 200 products in our portfolio is great. But if we don't drive simplification in the customer's environment then we're still doing point product transactions. What we're delivering is something we call the open collaborative architecture. And that is an underlying architecture based on a web services framework that allows us to simplify the integration of our products.

It also allows us to integrate with the legacy products that our customers have deployed in their environments. This is technology that has been in development for several years, and we've already started to integrate things like Symantec endpoint protection, Backup Exec system recovery, and you'll continue to see us integrate some of the other products in our portfolio using the same underlying architecture.

As we look at this year there are four major deliverables from a product perspective, the first is Altiris 7.0. It is the underpinnings of the open collaborative architecture. And, as Greg mentioned, it has an underlying workflow engine that allows us to not only integrate our own products, but to integrate third party products, and to integrate with the existing infrastructure that our customers have deployed.

The next product is what we call Control Compliance Suite 9.0. It is in the IT governance, risk and compliance space, and it brings together our agent and agentless technologies. It is the first product of its kind where a customer doesn't have to pick a different product depending on whether they want to manage a server or an endpoint. Because most customers don't want to deploy more agents to their endpoints this is now giving them the capability to do both, agent and agentless capabilities in one product.

The other high growth area for us is in the area of data loss -- in the area of DLP, or data loss prevention. And we're integrating the Vontu technology into the endpoint, into our email capabilities, and also into our backup capabilities. We think the only way you can truly deliver a solution is that capability has to be spread out across the entire portfolio.

And then our last major deliverable this year is in the Consumer business, and you'll hear Janice talk about that in a moment, where we'll be refreshing Norton 360, Norton Internet Security, and the full slate of our consumer products. She'll talk about the improvements that we're making. That will again, differentiate our capabilities in the market. Those are the four major deliverables that we had this year as we focused on the three objectives I talked about.

So the goal as we look at fiscal year '09 is drive consistent operating results, continue to simplify how our team looks at the market, and we have three key external metrics. First, drive revenue growth. Number two, continue to streamline our cost structure. And then lastly, make sure that we outperform the market and very closely track market share. We think those are the right set of objectives.

They are things that are well understood not only by this group, but by the 17,500 employees at our company. And we think that will allow us to deliver consistent operating results in fiscal year '09. At this point what I'd like to do, is I'd like to invite Francis deSouza to come up on stage, and talk about some of the work he's doing in trying to drive and accelerate our business in some of the highest growth areas. So, Francis?

Francis deSouza - *Symantec - SVP Information Risk Management*

Thank you, Enrique. Even in today's challenging environment we at Symantec are seeing double-digit growth in a number of segments across our business. Part of that is because of some fundamental shifts that are happening in the IT landscape and in enterprise IT priorities, but part of that is because of the strength of our offerings in this space. Good morning, I'm Francis deSouza, I'm responsible for our information, risk and compliance products at Symantec, and I'm here to talk to you about both.

In my job I get a chance to talk to a lot of our customers and potential customers about what they're seeing in their environments and their landscapes, including colleagues of a lot of you in the room here, and I hear lots of things. But if I take a step back and summarize what they're all telling me, I think it all boils down to one thing, which is they're saying, that today their jobs require them to manage more than ever before.

Today, they manage more physical assets than they ever had to before, more work stations, more PCs, more mobile devices. They manage more people than they ever had to before, and more types of people. It's no longer important just to manage your employees because your vendors, contractors now have access and need to have access to the assets in your infrastructure. Similarly, your employees are reaching into the infrastructure of your customers and your suppliers, and so you have to manage more people than you ever had to before.

In addition, you now have to manage more information than you ever had to. You've heard about the fact that all together the volume of information in companies is growing about 50% year-on-year. The unstructured component, the harder to manage component, is growing about 70% year-on-year. So across the board, the single thing we hear more than anything is our customers are saying, we cannot use our old models anymore, because the work we have to do is scaling nonlinearly, and in that environment our budgets aren't scaling.

And so, that fundamental change is changing how they think about security too. And it's resulting in a few things. The first realization we found in our customers is that they're saying, look with this much stuff we have to manage there is no way we can manage everything. It's just too much, and it's growing too fast. And we can't manage everything to the same level of security.

So they're taking a risk-based view of their infrastructure. They're saying all right, what do we need to manage the most? What are our most valuable assets in the infrastructure and what are our most vulnerable assets? And let's focus on those things first. And when they do that they find that sometimes their most valuable assets are not their physical assets. And they're saying the information assets, in a lot of cases, can be actually more valuable. A PC could be worth $3,000, but the information on the PC could be worth millions, and in some cases billions.

They're saying, all right, if we are going to take this risk-based view of our infrastructure and our assets let's also add a new category of assets, our information assets. They're also realizing that when they take this risk-based view the threats they're managing are not always coming from the outside. In fact, surveys show now that over half of the data leakage that occurs in companies occurs from the insider threat, employees sending that information out either maliciously or by accident.

And then fundamentally, they're also coming to the realization that not only do they have to solve their problems today, but they have to solve it in a way that scales. Because those trends we talked about, the exponential growth in the amount of things they have to manage isn't going to slow down. So, they're saying, we need to standardize and automate the way we do things, because frankly we can't scale security through labor. So that's the landscape that our customers find themselves in.

Given that landscape, how do we talk to our customers? How do we talk to our sales team and to analysts about our view of how they could manage that infrastructure? From our perspective at Symantec when we talk to our customers we say that today, security needs to be policy driven, information centric, and operationalized over a managed infrastructure. Those are important words for us, policy driven, information centric, and operationalized over a managed infrastructure.

So let's start with the infrastructure side, since it's a side we're all familiar with, right? That's where all the action in security has been for the last two decades. And the challenge there is about protecting the physical assets. Make sure your assets aren't compromised, and if they are bring them back up as fast as possible to as high integrity as you can. That's the battle.

And the battle there has been around viruses, around these external threats coming in, around clustering, around backup. That's a very big market, and it's a market that we are the number one share -- player in most of the important segments. In the last five years we've seen a new front open up in the security war, and that front is around the information in the company. Companies are realizing that some of their most important assets are their information assets.

I was talking to one large manufacturer who came to that realization in the last couple of years and said, you know what, our physical factories can be worth hundreds of millions or billions, but our process, our intellectual property is certainly worth billions. And when they came to that realization one of the first things they did was they sent out an IT project team to go to every laptop in the company, and bend the pins on the USB boards. They said we don't want people saving this information.

And then they realized that's not going to scale. They said all right, the right realization was that our information assets are the most important, but let's put together information risk strategy to actually manage those assets better. So that whole area is around information risk management, understanding what your information assets are and putting a plan in place to protect them. That's a very big segment today. And I'll get into each of the components of it. But today that's a $3 billion -- in 2007 that was a $3 billion market, and it's growing at 27% year-on-year.

In the last two years though, there's yet another front opened up in the security landscape and that's around policy and governance. And that's being driven by IT executives and increasingly company executives that are looking at their infrastructure and saying, you know, we have hundreds of security applications in our company, but frankly I can't answer the simple question of how secure am I? I've dozens of compliance applications in my company but I cannot answer the question, well how compliant am I? And in the last few years those questions have become really important.

Sarbanes-Oxley changed the IT landscape, frankly in ways that we didn't anticipate it was the first time that regulators were actually mandating how IT departments need to set up and manage their infrastructure. Before that, IT departments were responsible primarily to themselves and to business users who had a vested interest in how IT worked, but Sarbanes-Oxley changed that.

Now there's an external mandate that has fines, and in some cases criminal penalties associated with how you managed IT. Because people realize that IT is a core part of a business process, and that IT risk means business risk, and therefore shareholder risk.

Now that trend has accelerated. Almost every week or other week you hear about a new mandate, a new regulation that has an impact on how you set up IT today. It could be Basel II in EMEA, it could be anti-money laundering say in Australia or Malaysia, it could be GLDA here. And so IT departments have to answer the question, how secure are we? How compliant are we? And so this new area is IT governance, risk and compliance. This is an area that in 2007 was $1 billion a year segment growing about 20% [a year].

So let's talk about the policy driven. I'm going to drill down on both the ITBRC segments and the information driven segment. Now we've heard a lot about compliance in the last years, and in fact, probably heard too much about compliance, and everybody tags themself onto the compliance monitor.

I'm going to talk to you about our view of compliance based on what we're hearing from out customers. One of the things we talk about when you talk about compliance is that we see the need for companies to automate the compliance process. The big offering we talk about is our tools, our solutions that are about automating the process of IT compliance.

And if you think about it that way the first thing you need to do is define a standard process for IT compliance. We talk to our customers about a number of key steps that will bring them into compliance. The first step we talk about is the need to define what you're trying to do. To start at a business mandate that will then drive your IT priorities.

Are you doing this because you want to be compliant with regulations? Is Sarbanes-Oxley a driver? Is it Basel II, or is it because you are trying to be compliant with industry best practices? ISO 27000 series on risk, for example. Or, is it because you have your own company policies that you want to make sure you adhere to? Start with a business goal and then translate that into IT controls and priorities. And if you have existing policies check how they match up against the mandates that you have to adhere to. So, the first step of an IT compliance process is defining what you do.

The second step is, then using those controls based on the policies that you develop to assess your infrastructure. And the first thing when we talk about assessing the infrastructure -- everybody [gets] okay you want to assess the physical infrastructure, and that's a core part of what we need to do.

For example, if you set a password policy that's based on a mandate from Sarbanes-Oxley, you need to then go and assess your workstations and your PC's to see how you're doing against that Sarbanes-Oxley policy. So assessing your physical infrastructure is very important. And as we touched on earlier, it's necessary to assess your entire physical infrastructure. So you need a solution that scales across your entire infrastructure.

But actually assessing the physical infrastructure is only part of the answer there. You also need to assess the processes associated with IT to really be compliant. In fact, when we looked at Sarbanes-Oxley specifically only 8% of Sarbanes -- of the IT component of Sarbanes-Oxley is about how the physical infrastructure is set up. 92% of it, it has to do with the processes associated with your IT department.

Do you have locks on your data center doors? Does the HR department take away laptops and PDAs when people leave the company? Do business owners understand who has access to customer databases? So you need to assess the processes associated with your IT department against the policies that you develop. The second key part of a process associated with compliance and a core component of any compliance solution has to be around assessing the infrastructure.

The third part of it has to do with reporting. Automatically create the reports that are necessary to meet the mandates. Assessing and reporting are very labor intensive in most companies today. I was talking to one CFO who's responsible for reporting on their compliance needs. They're in health care, so they have their own compliance needs.

He told me they have 60 people whose full time job it is to assess their infrastructure and to provide the reports. That's expensive, and to do that, they use 2,000 spreadsheets. So the CFO says to me, I have two big problems with this. The first problem is this is very expensive, 60 people doing this, and I see more and more mandates coming.

I can't scale my team to meet each of these mandates. The second thing he said and even more worrying is, what do you think the odds are that any given month I'm actually right? If I'm handling 2,000 spreadsheets manually, it's pretty much zero. Reporting has to be another core component of a compliance offering.

And then finally remediate. Now that you understand how you're doing against those things, you need to remediate the deficiencies that you find in your infrastructure. A secret sauce here has to be, you can't remediate everything. You have too much infrastructure. You need something that gives you a risk based view that allows you to prioritize what remediation you want to do. If so many things are broken what's the single most important thing you fix next and then after that. Those are the steps of IT policy compliance.

And we at Symantec have the unique view that says we're going to give you a tool that gives you all of these capabilities. There is no other offering today in the market that allows you to do all these four steps. You can certainly buy components from a bunch of companies that help you meet the needs in each of these components, but then you as a customer are the system integrator tying them all together.

But more importantly, you're the one trying to reconcile how each of these different vendors interpret PCI, for example. Because your definition product will define your policies based on their understanding of PCI, your assessment will do it based on their understanding of PCI.

From our perspective -- we're viewing this from holistically, and we've brought together, as John pointed out, technologies from a number of different products we've had over the years. From ESM, SIM, [BindView] and put them into the Control Compliance Suite. And we're announcing version 9.0 this week. The differentiated capability around CCS 9.0, one, it's a fully integrated offering across the entire IT policy compliance process. Two, it's scalable.

Now everybody knows scalability is a result of thousands of decisions you make in the development process. And I'll give you an example of one. We touched on this earlier, CCS 9.0 is unique in the market in that it offers both agent and agentless capabilities in terms of being able to assess your infrastructure. That allows you to scale because you can now assess using agents, your mission critical infrastructure in the data center, and using agentless approach to assess your endpoints.

The third part of our differentiated offering is, the broad platform support. It is important to be able to support the broadest platforms in terms of hardware because that's just the nature of IT environments today. And also the broadest legal and regulatory mandates, because almost every company we talk to is subject to regulations from more than one country.

If you're in financial services in the U.S. today, Basel II [and EMEA] matters to you. We provide the broadest platform support in terms of both physical hardware and in terms of regulations and best practice support. In addition, we also give you both a security and compliance view of your posture. One example of that is by integrating the SIM capability into CCS we're able to give you both a point-in-time view of your security and compliance posture, as well as a real time view.

How is this product doing in the market? Today CCS and that family of products is the market share leader in the $1.1 billion market. We have -- the market overall is growing at 20% year-on-year and we have 18% market share. So, it's highly fragmented across all those different components, but when you add it all up we are the market share leader in this space.

Now, let's jump to information risk management -- talked about the idea that information forms some of the most valuable assets in companies. And really, there are four key priorities in information risk management. The first one, which forms about $2.5 billion of this overall $3 billion higher end category, is around keeping the bad stuff out. It's around messaging and gateway security.

And the idea there is that you have a lot of threats coming into your company to either steal information from you, so phishing threats, or they're polluting your information flows, like Spam driving up your storage costs and eating your employee productivity. The first priority of information risk management is, keep the bad stuff out. Again that's the messaging and gateway category. We are the market share leader there with 17% of that market through our software offerings and our appliance offerings.

The second priority of information risk management is around keeping the good stuff in. Understanding what information assets you have in your company, and making sure that they are moving appropriately. They're either stored appropriately when they're at rest, or when they enter and leave the company that's happening appropriately. That it should be happening, and when it leaves if it needs to be encrypted for example, that it is encrypted.

That's [the] category of data loss prevention. That's about a $100 million market last year, growing at 93% year-on-year, and with the Vontu set of products we have the market share leadership position with 58% of that market.

The third category is about retaining the information you need for as long as you need it and not a day longer. Both parts of that sentence are important. Make sure you have a retention policy in place that keeps the information you need for the retention period that you set up and does it in a cost effective way.

So old information gets stored on cheaper storage, and also does it in a way that enables you to find it appropriately. And then when you get rid of it make sure it's consistently deleted from your environment. So it doesn't linger on PFC files or file shares, where it's driving up your storage costs and creating a legal liability for the company.

Our product out there is the Enterprise Vault product. That product is the market share leader in its space. It has 37% of that market, which was about $400 million last year. Enterprise Vault has a higher market share than the next five competitors combined in that space. And almost has a higher share than the next ten combined. That product's doing phenomenally well for us. We won, as you heard earlier today, for the fifth year in a row by Gartner, we are the only product in the leadership quadrant of Gartner's Magic Quadrant for email archiving, just a phenomenal success.

That product also helps you address the fourth main point around information risk management, which is finding the information you need when you need it. The E-Discovery category which is a high growth area for us, and we're seeing companies ask us about it to be able to mine the information they have in their own company, but also to do litigation support, as increasingly emails form part of the body of evidence for most litigation.

So those are our flagship offerings. In the mail gateway space it's the 8300, it's the Vontu product in the DLP space. In archiving and E-Discovery it's the Enterprise Vault space. In addition to having best-in-class products, from a product perspective our base priority this year, as you heard, is to drive integration between our products, and I'll highlight three.

The first one is around data loss prevention where we're integrating the Vontu endpoint capabilities with our Altiris and Endpoint products. So you'll be able to manage the endpoint from a single point, and you'll be able to do DLP at the endpoint itself, identify what sensitive information actually lives on the endpoint, and if necessary for example, encrypt it or move it.

The other place we're integrating our DLP capabilities is in the mail gateways. We're the only company in the world that offers bi-directional mail gateways. So not only do we look at messages coming in to keep the bad stuff out, but we actually look at messages going out to keep the good stuff in. So you see DLP capabilities integrated into our 8300 product.

The third area we're integrating our DLP technology is in creating common classification engines for information across backup, archiving and DLP products. It's important that your information gets classified consistently, because what you don't want is a situation where you're mail gateway classified something as related to a project or a attorney/client privilege, but your archive didn't and therefore didn't' retain it appropriately.

So the second area we're driving integration across those products is around archiving and backup. We've already talked about the fact that between our backup products, NetBackup and Backup Exec, we back up half the world's information. We're leveraging the power strength in that to drive additional revenue in our email archiving space.

So we've developed EV agents for both NetBackup and Backup Exec. And towards the end of the year, you'll certainly see even tighter integration between Backup Exec and Enterprise Vault. And the third area we touched on is around using Altiris as a common provide for agent management across our products, so really driving further integration.

The other point, and you heard about our collaborative architecture, we're going to use a workflow as one of the unifying themes to tie our products together. And on the Control Compliance side, you'll see additional integration between CCS and our T-Logic acquisition assets.

So to summarize, we're targeting high-growth markets. Both ITGRC and IRM are high-growth markets, 20% for the ITGRC market, 27% for the IRM market. They are already large markets, $1 billion in 2007 for the ITGRC market, $3 billion in 2007 for the IRM market. We have the market share leadership position in each segment in those markets. And we feel very good about our differentiated offering in these markets, which we think position us well. We like our cards in this space and we're excited to play.

Thank you. So with that, I think Enrique and I are going to --.

Enrique Salem - *Symantec - COO*

You and I are going to do some Q&A. All right, so the format we have here is Francis and I will take a few questions, and then we'll take a break and come back with our enterprise leaders panel. So let's go ahead, we've got a question right over here.

QUESTIONS AND ANSWERS

Daniel Ives - *Friedman, Billings, Ramsey Group - Analyst*

I'm Daniel Ives, FBR. My question is for Enrique. What has been the hardest thing to fix, and the easiest thing to fix since you've come into your new role?

Enrique Salem - *Symantec - COO*

I think the biggest thing we had to do is, as we come through the combination of two very large companies, it's really getting everybody to focus on -- it's about a couple of key metrics, focusing externally and not worrying whether you came from Veritas, Brightmail, TurnTide, IMlogic but focusing on being one company. And I think we've made a lot of progress. And if you talk to our employees today, I think they are starting to understand what we have to get done and they're very focused on that. And the Company's got a lot of internal momentum.

I think the easiest thing, probably, to fix was, as we looked at what our team wanted us to work on, they had some things that were in their way that made it hard for them to do business. So for example, getting extra approvals for a specific activity that they wanted to get done. And so we started to streamline the approval processes internally, so allowing them to be much more productive.

I'll give you a simple example. Let's say that you wanted to do a discount, you want to do a product that you want to give a 30% discount from list. That approval process used to go from a District Manager to a Regional Director to an Area Vice President. And we said, there's no reason for it to go that many steps. If an Account Manager needs a discount, the District Manager needs to be able to do that.

So it was moving some of the approval processes closer to the folks actually doing the selling. And I think that was probably one the easier things to get fixed inside of the Company. So that streamlining some of these things that built up over time was actually pretty straightforward.

Yes?

Unidentified Audience Member

Hi Enrique, two things. One is, you were talking about changing the channel strategy. I would love to understand, as you see it, the impact to margins allowing your largest customers to go direct to you. I would assume that's obviously a margin benefit to you guys, so if you could talk about that a little bit that would be great.

And then, as you look at the other part that was interesting in your conversation was, when you look at the impact to revenue and intra-period revenue, should we expect a change in terms of revenue recognition? Or, is there any other implication around that would be helpful. Thanks.

Enrique Salem - *Symantec - COO*

Yes, so to the first question. With regard to the change, what we're doing is we already had some of our business that was going direct to those largest accounts. And now we're just saying they've got the option, the top 700, 800 accounts can go direct. And so for those, there will be some margin improvement as a result. I don't know that I can quantify it for you here, because it really will depend on how many of those 800 customers will go direct, but it definitely will have a benefit on our overall sales and marketing cost structure.

As far as the second question, you were specifically looking at --?

Unidentified Audience Member

(inaudible - microphone inaccessible)

Enrique Salem - *Symantec - COO*

It doesn't change revenue recognition. All it does is, for a deal, given that we're focused on new license, it'll drive more in-period revenue. The accounting rules are obviously the accounting rules and it will, though, absolutely have us recognizing more of that transaction during the period that we close the deal.

Unidentified Audience Member

Yes my question has to do with the salesforce compensation changes. Last year when you moved you said 10%, any experience from last year in terms of maybe any bumps in the road going through the transition process, people getting used to getting on this new structure, or maybe some increased turnover in the salesforce that would give you some indications of what we should expect this year?

Enrique Salem - *Symantec - COO*

Yes as we looked at it, as a software company, sales teams understand that the life blood of the business is new license. And I think it was more a two-step process, [Derek], than trying to do a big bang approach so that we could understand how it was going to work, and then make sure it was something we wanted to do across the entire salesforce. We made that happen as we went into the new fiscal year.

As far as turnover, every metric I'm seeing right now is the highest turnover period in a sales organization is as you kind of come into the new fiscal year. And what I'm seeing right now is that year-over-year turnover is down in our salesforce, if you look at it across all three geos.

Phil Rueppel - *Wachovia Securities - Analyst*

Yes, Phil Rueppel with Wachovia, just a follow up, Enrique. Could you talk about your relationship with the channel now, given all the changes that have taken place? And then, Francis, for you in the ITGRC space, who do you compete with there? Is it other security vendors? Is it manual processes? Is it point solution vendors in the SIM or other [worldwide] space? Just give us a little perspective on that, thanks.

Enrique Salem - *Symantec - COO*

When we think about the channel and what's happening as we make some of these changes I mean, ultimately the channel is going to look to us and say, where can they add value, because that's what they're going to get paid for.

One of the things that we track is we have something that we use internally called the Net Promoter Score. And it's basically a third party that goes in and talks to our channel partners and asks them several questions each quarter. And what we've seen with that metric over the last -- since March of a year ago to today, is that score has continued to improve.

Part of the reason is, while we may not use distributors in every case, we've actually narrowed the number of distributors we're using. When we look at what's happening with our partners, we've made it easier for them to work with us by doing things like streamlining how they get licenses, streamlining our buying programs. So while there are some changes in what they can do with us, there's also a number of things we've done to make it easier for them work with us. So far the, what we call Net Promoter Score has continued to improve.

Francis deSouza - *Symantec - SVP Information Risk Management*

From an ITGRC perspective, that market today is both under penetrated and fragmented. So it means that we're competing in both. The vast majority of that market, though, is under penetrated so we are competing with manual processes and spreadsheets in the vast majority of the cases.

From a fragmentation perspective, if you look at each of the four things that I talked about, defining policies, assessing, reporting and remediating, the most advance in terms of penetration is around assessing. And that boils down into two market segments. There's the whole space Vulnerability Assessment players that we compete with, who will go out and scan your infrastructure.

And there are some that do it on trend, some that do it in a hosted way. And then, there is the Security Information Management market. So those are the players we compete with for that segment of it. Overall though, end-to-end, there really isn't a player we compete with. It's more around a Greenfield opportunity and talking to companies about moving to an automation of the process they use today.

Phil Winslow - *Credit Suisse - Analyst*

Hi, a question for Enrique, this is Phil Winslow at Credit Suisse. Just to focus back on the salesforce compensation structure changes, how long do you think it takes until you start to see a positive impact on that? Is it two or three quarters, people build up a pipeline? And also, when you do think about the compensation structure changes, is there any affect on your long-term outlook on the margin side there, just from a salesforce productivity perspective?

Enrique Salem - *Symantec - COO*

Yes when we think about it, the changes are in place. I think the -- we're in the first quarter of the fiscal year and pretty much the entire salesforce now understands how they're going to be compensated. That ultimately the acceleration, or where they really get paid, is by driving new license. And that is well understood.

Now the pipeline building process, we finished the fiscal year and we go into a seasonally slower period. And the team takes some time to continue to rebuild their pipelines. But I don't see any issue there. As John mentioned, we do have a strong pipeline for the June quarter and now we're in the important last three weeks of the quarter and have to drive that to closure.

From a margin perspective, the changes that we made in the salesforce compensation structure, there are some things that we've done to make sure that we are paying our team that is driving the biggest results. And so, we've done a number of things that will allow us to make sure that we're not over paying, potentially, for somebody who does very well, but didn't necessarily have a hard number to reach.

And what I mean by that is, we do a lot of work through the channel. I don't that somebody who's working with the channel is driving as much value as somebody who's working with a Global 2000 firm. And so, we've done a number of things there.

What this will ultimately do from a margin perspective though, is we've put some things in place that cap the acceleration. So for example on the compensation structure, we've done something we call -- we have regressive curves beyond what we call the excellence point.

Now, what does that mean? That means once we hit let's say 150% of quota achievement, instead of continuing to increase the rate of acceleration it decelerates. This has become pretty common practice in our industry, and so that'll protect us from over paying for performance. And I think that that will help improve the overall margins in sales and marketing. Thanks for your question, Phil.

Next question? Got one coming up here.

Garrett Becker - *Merrill Lynch - Analyst*

Thanks, hi, this is Garrett Becker at Merrill Lynch. As you're talking about your comp structure with the channel and the existing salesforce, are you doing any changes with comping your channel partners and how you're incentivizing them? Particularly, are you driving them in any way to drive sales of more of your broader product suite?

Enrique Salem - *Symantec - COO*

Yes when we think about how we incent the channel, ultimately what we're looking for is where can they add value. And where we want to incent them is to drive new license. We're also helping them -- we're giving more of the service opportunity. So there's a range of things that we're saying to the channel, instead of having Symantec deliver the deployment service, we want them to do it.

The other thing that's important is, we have a series of certification programs that are required for these partners to go through before they can sell some of our products. So we set the bar in a way that the folks will get to sell Enterprise Vault or Control Compliance Suite or some of the other offerings, have the highest level of certifications.

And that is how they get the better discounts and more access to marketing dollars from Symantec. So we're being a little more careful about what certifications are required and how we make sure that they are qualified to sell our product. So it's not being about how we get more partners, it's about having potentially fewer who can do a better job.

There's a follow-on question -- we've got a follow on up here?

Unidentified Audience Member

(inaudible - microphone inaccessible)

Enrique Salem - *Symantec - COO*

So the question is, are we doing anything different on how we're training our partners? As far as training for our partners, we always look at our enablement. And we've done a number of things that are using more online certifications, online training courses. And so, we're doing a lot of things to make it easier for the partners to get the training that they require to sell these products.

Francis deSouza - *Symantec - SVP Information Risk Management*

The other thing we're doing there, Enrique, is we're actually connecting products for our customers. So Enterprise Vault and CCS is a good example, because we had a lot of partners that were doing very well with Enterprise Vault and have done very well for a few years.

And we saw that that same skill set could be used to sell CCS. So we went out to that set of partners, who may not have looked at CCS on their own, and said, look, here's an opportunity for you to drive a deeper relationship with us, and trained them appropriately that way.

Enrique Salem - *Symantec - COO*

All right, do you see any other ones?

Francis deSouza - *Symantec - SVP Information Risk Management*

Any more questions?

Enrique Salem - *Symantec - COO*

All right. Well we've got a 15-minute break and we'll come back with our Enterprise Customer panel. Thank you.

(BREAK)

Enrique Salem - *Symantec - COO*

Let's go ahead and get started. What I wanted to do with this panel is give you an opportunity to meet some of our product line leaders. You met Francis and what we want to do now is go through the other product lines. And we'll go ahead and start with Rob Soderbery who heads up our Storage and Availability Management Group. So go ahead, Rob and give them an update.

Rob Soderbery - *Symantec - SVP, Storage and Availability Management*

Thanks, Enrique. So Storage and Availability Management is a new name for some very well-known products. Our core value proposition is to provide high availability and to optimize storage for many of the largest enterprises in the world. Telcos, banks, Internet companies, government organizations rely on us for these mission-critical applications to control the growth of data.

With products like Veritas Storage Foundation, Veritas Cluster Server and CommandCentral Storage, we've pursued an agenda that is based around the differentiating concept of standardization. We provide a standard software infrastructure that allows large organizations that have heterogeneous environments to leverage heterogeneous servers, multiple storage platforms and get all those servers and storage platforms to work together, while freeing them from lock in, allowing them to pursue mix-and-match strategies and multi-vendor strategies.

Over the past few years we've shifted our selling model from focusing purely on the technology aspects of our availability solutions, performance and so on, to the business aspects and the business advantages of standardizing on infrastructure software, driving direct ROIs from vendor savings, hardware cost reduction, software cost avoidance, operational cost savings. And this has driven a resurgence in this business.

At a high level -- at a company level, we have three objectives. The first is product and technology leadership. As I said, this is an incredibly important infrastructure. In fact, many of your organizations rely on these products to operate your core business systems. Those customers expect us to be leaders in storage, leaders in availability. We made a number of announcements this week about how we're taking that data center architecture forward.

Beyond that, from a Symantec perspective, we have a very unique set of assets here, both in our customers but also in our technology base. And the types of things you've heard from Greg and Enrique, software as a service, endpoint virtualization, information management, many of these things have a very strong tie in to the data center.

Right now, we have nearly 10 petabytes under management in our software as a service and our backup offerings. That makes us on peer with some of our largest customers and with just a very fraction of the market moving to software as a service. So doing things like supplying our staffed infrastructure on top of this data center infrastructure is a key aligned R&D priority for our group with a focus on results. We're committed to driving an increasing profit wedge by driving top-line performance, while continuing to improve operational efficiency.

This overall standardization message resonates extremely well with client IT initiatives. So these are the top-of-mind things that you see in the data center, enterprise IT, green IT, service management, virtualization, data center consolidation. Each of these relies on consolidation, simplification and standardization of your infrastructure. So a big growth driver for us this year is going out and making sure our account executives can explain that value proposition clearly and succinctly to our end users.

But there are a couple other major trends in the market and major growth drivers we see. One is what's happening in the data center. So this chart talks about the relative rates of Unix, Linux and Windows. And what we're really seeing here is a second wave of penetration of x86. The first wave was EDGE and infrastructure and web servers and all those 1U boxes.

Now we see major clients, British Telecom, BMW, Cisco, global organizations adopting an x86-first strategy, starting to build their Tier 2 and even some Tier 1 applications on that x86 infrastructure. We're well positioned to leverage this change because on the x86 platforms we can take our data center expertise, layer them on top of these less mature operating system platforms.

In Linux for example, our performance gap is significantly greater than it is in the Unix and our performance advantage in our gap over competition is significantly greater than in the Unix platforms. On Windows there's been a big growth driver for us as large [sequel] deployments, large exchange deployments, 300,000 mailboxes, 1,000 sequel instances at NHS in the UK. So we're experience both a shift in our business to x86 as a growth driver, as well as an accelerator of enable us to achieve that above-market growth rate vision that Enrique talked about.

We were very excited this week to launch a new solution, Veritas Virtual Infrastructure. This is an integration of server virtualization technology with our data center expertise, designed to serve this new x86 scale out, virtualized production data center opportunity. We saw an opportunity as we've worked with our customers, as they think about doing things like building the Linux, Windows, Solera compute utility, we saw the ability to take this then technology that Citrix has moved forward and take that up into the data center.

Great partnership with Citrix, with their broader lower market focus we've been able to work a great working relationship on the both technology and go-to-market side. So we'll be taking Veritas Virtual Infrastructure into our largest accounts and showing them how they can move to a data center virtualization on top of that platform.

Finally, I mentioned the notion of SaaS and Symantec Protection Network, moving our backup clients and moving our consumer clients to backup as a service. That's a huge growth driver for Symantec as a service provider.

Now when you look at the storage infrastructure required for this, it looks more like the storage infrastructure that you see at Amazon or Google or AOL, rather than what you see at Morgan Stanley or Credit Suisse. It's consumer generated content. It's scale out, notions of clustered or cloud-storage.

We've taken our file system expertise and we've developed a new solution called Symantec Secure Scalable Storage that's a cloud-storage offering. We are going to deliver that solution internally as a platform for the Symantec Protection Network, and then externally through strategic partners, as well as to those top 50 Internet service providers and SaaS providers.

So those are just a couple of things that are going on that are driving the growth of the [SAMG] business, and giving us confidence to achieve above market rate growth in the business. Thanks.

Enrique Salem - *Symantec - COO*

Thanks, Rob. Okay, Ken? Next up, we've talked a lot about virtualization and Ken Berryman leads our Endpoint Virtualization business unit. So go ahead, Ken.

Ken Berryman - *Symantec - VP, Endpoint Virtualization*

Terrific, thank you very much. Well as you probably heard throughout the course of today, Endpoint Virtualization is one of the areas that we're incredibly excited about. We're incredibly excited about it because we're proud of the products that we have right now, and of the presence that we have in the market right now. But we also look ahead to a future with the products that we're building and the technologies that we've recently acquired, that we think is going to be quite differentiating for Symantec.

I heard some of the questions this morning, and I'm going to try to address them in a relatively short period of time. But we also have time period for questions after all of us speak, so hopefully we'll have a chance to get into some of these issues.

Enrique Salem - *Symantec - COO*

Hey, Ken, pay attention to the clock down there.

Ken Berryman - *Symantec - VP, Endpoint Virtualization*

I've got 41 minutes right? So what are the objectives of our Endpoint Virtualization product group? And we can really summarize it as four distinct things. The first is that we believe that what users want is to see any application delivered anywhere, on demand, connected, not connected, meeting the real demands of modern computing.

Part of what we continuously hear from customers is that their environments are getting more and more complex. The number of applications they support are getting more and more manifold, and yet they'd like to be able to deliver those applications to users wherever those users are.

And increasingly, as those of you who listened to Mark this morning talk about consumerization of the enterprise, increasingly to their own devices and to many different form factors and devices. So objective number one is really enable this capability of delivering any application anywhere.

Objective number two, and something that we think that we are quite differentiated in, partly as a function of our connection to the consumer business, is focus on end-user experience. Really understand what end users want to be productive and how to improve that experience over time.

And don't force people to adopt brand new interfaces or brand new technologies to take advantage of some of the benefits that virtualization can bring. Drive steady improvement in end-user experience and adopt a user-centric approach to Endpoint Virtualization.

The third is manage what matters. There are a lot of management tools out there today, but what really matters is user information and user experience. You don't want to have to manage thousands of different versions of the same application on thousands of different kinds of endpoints.

You'd like to manage one version of that application, and then you'd like to manage all of the unique data and experiences that those end users have to make themselves productive. So you want to separate the user information from systems to manage easily and protect completely.

And then finally we realize, and this goes straight to the question that was asked this morning, we have to build an ecosystem around this. We have a very strong ecosystem today and some very strong partnerships with the company, as mentioned. But we're going to continue to partner strategically to drive distribution of our Endpoint Virtualization solutions and overall solution value.

Some of you may have heard earlier in the week Gregory Bryant up on stage from Intel talking about how Intel's view of what's happening at the Endpoint is very similar to ours. That's just one example of a strategic partnership that we're going to work very hard to drive, to continue to add distinctive value, and sometimes distinctive value around novel compute architectures.

So, what does this mean? Well improving the end-user experience is all about giving an end user a desktop, a laptop --. It's experience that is similar to what they have today, but where the back-end can be separately managed by the IT shop. For years we've had a conflict between the desire of the IT shop to manage down cost and therefore to control and restrict what an end user can do, and in users who want flexibility, want freedom, want the ability to bring in applications from the cloud or applications for their personal use.

Our view here is that we can solve this conflict with our Endpoint Virtualization technology. So what this suggests is that you have a variety of different applications that may be delivered via a variety of different needs. And to connect to that question again, some of these may be via Citrix Presentation Server, some of these may be via VMware back-end. Some of them may be via our back-end. Some of them may be run locally on the local machine.

The idea is the user shouldn't care how those applications are getting to them, the user should have the best possible experience. The IT staff cares a lot about how those applications get there and they should use the lower cost means to deliver them, to drive down the total cost of the endpoint. So the end user doesn't know where or how applications are running, but IT managers can optimize cost of delivery, protection and management. That's really what this technology allows us to do.

The quick explanation for why this is a game changer and why what we are doing is different is that we've solved one of the inherent problems in the Windows architecture, which is, if you take two identical machines and set two users down at those identical machines, those machines diverge very rapidly, not only in what sits in your My Documents folder, but also in the system registry, the files, in the system files, the application files and so on. And that's because the way Windows is architected is all of that information is mixed together.

What we've been able to do with our Software Virtualization Solution, which is a product that's been in the market and winning awards for more than two years, came in through our Altiris acquisition, is to separate the information personality that is unique and have clean versions of the applications and a clean version of the underlying operating system.

This really is a revolutionary change because what it means is that you can get to the picture that we just described. The user can continue to set things up in the way that they want to set up, but the IT staff can then manage the applications and the operating system, independent of that unique information and personality.

So what are some examples of what customers have done already with our technology? These are real life customer examples. One financial institution, many of you have a familiarity with transaction processing systems in banks, one financial institution that's a customer of our was upgrading its transaction processing system and was looking at a multi-million dollar training bill, just to get its users to understand how to work with the new system.

Using our Application Virtualization Technology they were able to run both the old and the new version together on the same box, train people that way, single box for training and they could look real time at the differences in performance. That was able to cut the training costs by more than a factor of two, a multi-million savings.

A university was able to reduce total deployment time of a statistics application that they had to send out quarterly updates to. They had a staff doing this and it took two weeks to do, simply because of the conflicts that had to be managed on all of the endpoints. Using our Application Virtualization layering technology, which allows you to insulate applications from conflicts with other applications on the system, they were able to reduce this from two weeks to two hours, enormous saving in time and in staff cost.

County government was able to eliminate the need for on-site app installations using our Streaming product, which came in from our AppStream acquisition and our Virtualization product, to deploy to remote offices applications that could install remotely without having to have a local person touch the machine to make sure that the conflicts were resolved. Again, they saved $150 per incident with thousands of incidents over the course of a typical month.

These are all solutions that have been in the market for a while now, that have been very successful with customers and that we are now bringing together into an overall solution that we think will create a tremendous amount of new value by managing across the full sent of Endpoint Virtualization needs.

So, what do we have today? We have a product called the Software Virtualization Solution that creates virtual layers, that separates the user data and experience from the operating system. Again, this has been in the market for a couple years. We'll have a new version of it coming out early next year.

We recently purchased AppStream that allows you to stream solutions to any endpoint for any application and maintain a single golden image of that application. And we have central management via our Altiris portfolio for both physical and virtual endpoints. This is one of the differentiators as well. End users don't want to have a separate management system for their physical endpoints, for their virtual endpoints, for their hosted endpoints. You want to have something that stands across.

All of this is in place today with many successful customers using these technologies. But as we look ahead, you just heard Rob talk about the Veritas Virtual Infrastructure, this helps us have a complete solution for hosting images of desktops back in the data center and deliver them in the mode that we described, independent user experience steadily improving, IT cost to deliver steadily decreasing.

We will work with partners to embed technology into new streaming models. I mentioned Gregory Bryant from Intel. You will see us come out over the course of the next several years with a variety of means to stream and to virtualize, independent of the operating system.

And then finally we will work to integrate the agents associated with streaming and virtualization, with both our Endpoint Protection Technology and our backup technology, so that we offer customers a solution which gives a single place to go to for management, virtualization, streaming, backup and protection.

That's really simplifying the complex world of endpoints, improving user experience and driving down the cost to deliver that experience. That's what we hope to achieve with our Endpoint Virtualization team. Thank you.

Enrique Salem - *Symantec - COO*

Thanks, Ken. So next up we've got Brad Kingsbury who leads up our Endpoint Security and Management Group.

Brad Kingsbury - *Symantec - SVP, Endpoint Security and Management*

Good morning, everyone. So the Endpoint Security and Management group is a fairly new group, it's a group we formed a couple months ago. And as John had mentioned, a secure endpoint is well managed endpoints. So we've taken the Endpoint Security group, which I've been running for the last couple of years, and we also merged it with the Altiris business unit.

Let's take a look at some of the objectives for the group. We have three major objectives, sell more stock to our existing customers. So as mentioned, we have 100 million seats right now with respect to Symantec AntiVirus and Symantec Endpoint Protection.

If you take a look at Altiris, we have about 20 million seats on that side. And on the Altiris front, we actually have 40 solutions built on top of the Altiris platform. So if you look at the opportunities we have to upsell both on the security portion and also on the Altiris management front, we have a huge opportunity there.

Let me give you a data point. Network Access Control which we embedded in with Symantec Endpoint Protection when we released it last fall, actually we've seen a huge increase in the uptake on that because of that integration itself. Next up is get new licenses. So this is a mature market. It's been out there for 20 years. Its opportunities really are -- two opportunities in the small business space, so we see a new opportunity with respect to delivery vehicles the software as a service.

The other opportunity is competitive displacement. There what we need to do is we need to show the value associated with our integrations themselves. So [add] another data point, so when we introduced Symantec Endpoint Protection due to the value we added by integrating all of the client pieces together we've seen a number of large competitive displacements.

Next up is the endpoint conversions. So if you take a look at a couple of data points two thirds of all security issues in a recent survey showed that they were due to misconfiguration. Another 30% of them actually were due to patch management or for patching. If you look at that, almost 90% of all security issues can actually be addressed through proper patch management and configuration management, which are staples of any systems management software.

Another interesting data point is that you take a look at the security teams today, they traditionally had done the operations portion -- the administration, and monitoring. But we're seeing a transition where these tasks are actually being commoditized and standardized and it's being moved over to the operations role within other parts of the organization.

So we expect by 2010 that 70% of global 2007 companies will actually have made that transition basically freeing up the security teams to think more strategically going forward.

So the good thing is, I have two great products to start with in terms of integration. So I have the world's best security products on the Symantec Endpoint Protection, and then the best management product with respect to Altiris management. So we have -- if you think about the Altiris platform as we stated it is the basis for the Symantec open collaborative architecture, which is really the piece the pulls together all of the Symantec products integrating them through Web services, and not just Symantec products, but also legacy products and third-party products.

It is also the basis for the Dell OpenManage Platform. So this fall Dell is actually shipping a new version of their OpenManage Platform. It's been completely rewritten on top of our Altiris Platform. They rewrote all of their tools. And in fact, they actually have set up an ISV program to encourage third-party products -- or actually third-party companies to actually write towards our platform.

So today on the Altiris Platform we have about 40 solutions. It includes Ghost, Backup Exec, I'm sorry, Backup Exec that system recovery, pcAnywhere. It has third-party products on top of it. [Creedent] encryption is built on top of it. In a month from now we're going to have the Symantec Endpoint Encryption product, where we'll have Backup Exec later in the fall, and also the Vontu DLP products later in the fall.

So key deliverables two major ones, the Altiris 7.0 extremely important. It is the foundation for the Symantec open collaborative architecture. It's the foundation for the Dell management systems going forward. And then Symantec Endpoint Protection 12.0. So 11.0 has been very successful. We've gotten numerous awards and reviews, great reviews on it -- a couple of them. We won PC magazine's Editor's Choice. We won PC World product, Best Small Business Product. Small Business Computing gave us Product of the Year.

Information Security Week actually a round up, where we beat out five other competitors, gave us best product. And in fact, in that roundup they gave our management consult component of that a grade of an A versus McAfee's new ePO 4.0 -- a grade of a D. And so, we're extremely pleased with what we've done so far with respect to Symantec Endpoint Protection, but we're going to move it to the next level.

So a couple of the areas that we're looking at whitelisting. For those of you who are not familiar with whitelisting, right now typically what we do in the anti-virus market is what we'd call black listing. That is we actually identify products or programs, which are bad such as spyware. This is the exact opposite, which is we identify good products and we let those run.

So it's the way -- we've gotten to a tipping point with respect to the virus threat environment where it's actually easier for Symantec and all of the malware companies to keep track of the good stuff versus the bad stuff. So that's a big part of the 12.0 release.

Another big piece is improved virtualization support. So for example, we will scan and update offline VM images themselves. And then we already have an integration with the Altiris product today called the Symantec Endpoint Protection integration component, which actually adds reporting and monitoring and deployment functionality into Symantec Endpoint Protection today, but we'll be taking further advantage of that platform going forward. That's it. Thank you very much.

Enrique Salem - *Symantec - COO*

Thanks, Brad. And last up is Deepak Mohan who heads up our Data Protection group.

Deepak Mohan - *Symantec - SVP Data Protection*

Good morning. Good morning, good morning. Yes my name is Deepak Mohan. I lead the Data Protection group at Symantec. I've been with the Company ten years doing data protection, and I've been in the industry over 20 years.

And I've seen this industry go through a transformation, and it's still going through another one. 20 years ago we were figuring out how to syndicate faster. And the winners were whoever could move tape the fastest. Today, what is happening is we have this tremendous amount of data that is distributed around the globe and distributed applications and distributed servers, and we are figuring out how to protect it.

And you can no longer do that using conventional methods trying to take this distributed data and moving it to a single storage device or tape. So I will talk about what we are doing in the area of data protection, and discuss some of our strategies. So Symantec has the market-leading and the number one product across all aspects of backup, recovery and archiving.

And that backup is the number one revenue product in the world and is highly optimized for the enterprise market segment. Backup is ranked as the number two revenue product in the world. It's number one on Windows, and has over 1.5 million mid-market customers worldwide. And Enterprise Vault is our number one archiving product in the world.

Recently, Enrique combined NetBackup and Backup Exec into the Data Protection group. As a combined group, we had a huge arsenal of technologies under one roof that we are cross-leveraging to deliver market-leading products across these market segments. In addition we have over 1,000 engineers that are constantly innovating and improving our product to meet the next generation needs of our customers.

In fact, our combined group we protect and manage more than half the world's data. So at this conference, we formerly launched the Symantec next-generation data protection strategy. These technologies that we have launched are tightly integrated with NetBackup and Backup Exec, and go far beyond what any competition can offer.

We are delivering as part of the strategy the next generation of disk-based solutions and we have delivered NetBackup PureDisk, which is our deduplication solution at source continuous data protection, and these are architected for distributed and they are architected around the distributed and grid-based architecture.

So unlike where you have the final data to a single storage device or VTLs et cetera, you can now leverage a fully distributed grid-like architecture to protect your data. About a year ago we delivered granular recovery technology for the Microsoft platform and applications with Backup Exec. With that combined group, we have now delivered the same patent-pending technology on the Net Backup platform and that product is shipping -- that's what we've announced at this conference.

Also we have the market-leading support to protect your virtual infrastructures. Net Backup has capabilities far beyond what anybody else can offer and in fact won the best-in-class award for virtualization data protection at the last VMworld conference.

And for SMB customers we recently introduced a very cost-effective and a reliable way to protect their data using the Symantec protection network. And again, this is the only service that is tightly integrated with a Backup Exec product line, and enables the Backup Exec customers to now off-site their data to our online vault without having to use tapes et cetera.

So some of the things we are focused on over the next year we will continue to expand the platform support for virtualization. So we will deliver support for Microsoft Hyper-V, the Xen platform. At the same time we are cross-leveraging the virtual technologies and NetBackup and we will deliver virtual support for Backup Exec later this year.

We will deliver additional disk-based component for our next-generation data protection strategy. Backup Exec has been the market leader for Windows, and our goal is to ensure that NetBackup support for Windows is at par or better than Backup Exec and is completely market-leading on the Windows platform, and we will cross-leverage the technologies between BE and NBU there.

And with the two products together our goal is to provide migration and co-existence to our customers so it's evident that Symantec ecosystem as their business grows. Now in addition to integrating within the product line we also have a sharp focus on leveraging the broader Symantec portfolio and providing high value solutions to our customers.

Brad talked about integration with Altiris notification server platform with Backup Exec. That will be delivered later this year. The Symantec protection network is actually powered by Backup Exec technology and Backup Exec integrates very nicely in there. Enterprise Vault today has several integration points both with NetBackup and Backup Exec.

We are delivering additional integration capability between the market-leading backup products and the market-leading archiving products and you see more and more of that coming out. So I fundamentally believe one of our key success factors is that Symantec is the only company that has delivered the right product for the right market segment at the right price points. And we are uniquely and very, very well-positioned to drive revenue growth for the Company. Thank you.

Enrique Salem - *Symantec - COO*

Thanks, Deepak. So now you've heard from all four of the business unit pipeline leaders and what I want to do now is actually open it up to all of you so we can talk a little bit more some of the things on your minds around the different things you just heard. So let's go ahead and start the questions. There's one right here.

QUESTIONS AND ANSWERS

Unidentified Audience Member

I'd a couple of questions about the SEP 11.0 cycle. You're about 50% of the way through, at least you were last quarter with 100 million roughly SEP adds in terms of upgrading the base. How should we think about, I guess, the second half of the cycle? Would you expect it to happen over a similar duration effectively? And then where are you in terms of your NAC penetration. You've said it's been successful but are there any numbers around that?

Brad Kingsbury - *Symantec - SVP, Endpoint Security and Management*

So we expect in terms of growth itself to grow at the market or better with respect to SEP so it's a very mature market. So at the enterprise level it's really about displacements which are fairly hard, and then in the small business itself I think is where we're actually going to see most of our growth, where the ASPs are higher. And also new customers are entering the market itself.

And then NAC penetration in terms of you're referring to mostly percents, so from a percent, in terms of the NAC is specifically more towards the enterprise and we're seeing about a 5% at this point. But we expect it to grow dramatically. We actually had a growth of about 170% year-over-year in our NAC product line.

Enrique Salem - *Symantec - COO*

I think the other thing is that it's probably a two-year -- typically it's a two-year cycle to get through that through that entire base for all the folks running upgrades. So while we've had good success in the first two quarters I would tell you it probably takes the other 50% roughly 18 months to get there.

Brad Kingsbury - *Symantec - SVP, Endpoint Security and Management*

Though we did have -- so right now our SKUs are such that 96% of them are SEP versus [SaaS] of new SKUs going out.

Enrique Salem - *Symantec - COO*

We've got a question right over here.

Unidentified Audience Member

So as you're -- we're potentially going to see more desktop virtualization running for you throughout (inaudible) through other solutions. Just wondering how you're thinking about what the potential impact and the interplay may be between desktop virtualization and the demand for some of your endpoint security solutions?

Ken Berryman - *Symantec - VP, Endpoint Virtualization*

Yes, sure.

Enrique Salem - *Symantec - COO*

Go ahead, Ken.

Ken Berryman - *Symantec - VP, Endpoint Virtualization*

So one of the nice things for us is that virtualization represents an opportunity to extend our security solutions into the virtual environment. And so we really view it as an upside opportunity partly because what you don't see is a reduction in the total number of endpoints.

You see an increase in the total number of endpoints physical and virtual because you see a lot of different types of experiences that people want to have. And every one of those experiences has to be secured, has to protected. So in many ways we think that what customers will see is a need for increased security across the full breadth of virtualization solutions that we or others will deploy on the endpoint.

Unidentified Audience Member

(inaudible - microphone inaccessible)

Enrique Salem - *Symantec - COO*

So the question is would that require development of newer technologies, or is it leveraging existing technologies we already have in place?

Brad Kingsbury - *Symantec - SVP, Endpoint Security and Management*

It's actually a combination of the two. So if you think about protecting the virtual machines themselves there's some changes we need to make there, but also, for example, let's say we want to put a single scanner within a hypervisor on a machine itself so it can actually scan the different virtual machines. So you only have one scanner going on a single system and one set of virus definitions on that single system.

So it's taking the existing way we do things today and putting them in a different manner. Also we need to protect the hypervisor level itself. So that's new technology that we don't have today that we'll actually have to change our existing products to fit that mold.

Enrique Salem - *Symantec - COO*

I think we've got a question in the back.

Mark Ritz - *Thomas Weisel - Analyst*

Hi guys, [Mark Ritz] from Thomas Weisel. Deepak, it's more for you in that now that Backup Exec and NetBackup are together kind of in one world, and one is obviously two or three times the size of the other, as far as investment goes when you think of those two product lines how do you keep Backup Exec essentially from cannibalizing more of the lower end NetBackup customers?

And, how do you differentiate those two while yet continuing to invest in the one that's growing and one that's twice or three times the size of the other?

Deepak Mohan - *Symantec - SVP Data Protection*

Sure, in terms of growth we are seeing growth on both the product lines so as I've mentioned before the industry is going through a transformation, right? So we had times when the VTLs came in people were going from tape to VTLs. Now people are looking at how to get all the distributed data protected.

So our enterprise customers they have tremendous interest on moving beyond their current infrastructures. So heavy interest in source-based deduplication technologies, heavy interest in continuous protection of their data, of their applications, and also these things help with green IT, et cetera.

Now these are problems that are more significant for our enterprise customers and what we have launched at the conference for NetBackup really solves these big problems, and so we are seeing a tremendous demand for that. For our big market customers, of course, Windows-centric. We will remain -- keep the focus on simplified products, because the mid-market customers may or may not have a backup administrator, right?

You know the price points they're looking for are different than what an enterprise customer pays us. So our goal is that the technology leverage we will do tremendously across that, but then we will deliver optimized products for the different market segments, and we will differentiate by features and pricing and what we deliver in each segment.

At the same time, we do find customers who are maybe using both. And for those customers we will provide tools, for example, the NetBackup operations manager or the NetBackup reporter can report across the combined platforms. And we will provide things like tape readers in NetBackup so they can read Backup Exec tapes.

So our customers migrate to the bigger platform. That part is real easy for them. So we will cross-leverage technologies nicely, but then we will optimize the feature sets by market segment. And there are any go-to-market gaps, and we have a lot of focus on aligning these in the field so that it's pricing, licensing, et cetera.

Mark Ritz - *Thomas Weisel - Analyst*

Thanks, Deepak.

Brian Freed - *Morgan Keegan - Analyst*

This is Brian Freed from Morgan Keegan. Turning back to your discussions around virtualization. You've talked a lot about it, yet it's still a little bit unclear to me whether your vision around virtualization is primarily to enhance the automation and management within a virtual environment, or whether you intend to introduce a Symantec virtualization platform that would be independent of say a Citrix or Microsoft or VMware? Could you be a little more clear about your road map there?

Enrique Salem - *Symantec - COO*

Yes let's go ahead and break that into two parts, one for Rob and one for Ken. So why don't you go ahead, Rob, and start off from what you're doing a data center perspective?

Rob Soderbery - *Symantec - SVP, Storage and Availability Management*

Sure, I mean the key issue in the data center is the problems that exist in the physical world, demanding performance, availability, disaster recovery, globally distributed data centers that need to be linked, the desire to better leverage your assets by using things like passive/active data center architectures, repurposing gear for DR, being able to manage storage, all those problems exist in a virtual world as well as the physical world.

So our strategy is first to make sure that no matter what virtualization platform the client picks that we're going to enable those capabilities. So solutions in my space like a Veritas cluster server for VMware or in Deepak's space in NetBackup both clearly differentiated market-leading offerings. And then specifically, for each platform to the extent there are ways we can get in there and exploit and deliver more advanced solutions we're going to be pursuing that.

We're pursuing that VMware in different aspects of the technology. We have what we announced today with them, and then Microsoft actually supported our announcement this week and foreshadowed the intent to move this technology over to Hyper-V for keeping that heterogeneous platform. Now, right now Xen is very early to market.

Data center customers need a very specific technology stack. We felt the best way to get started in the marketplace is for us to assemble that complete stack. So the Veritas virtual infrastructure is indeed a complete virtualization stack. But that's more of expediency of delivering and meeting customer needs immediately. Over time, we see that as a layered solution on top of Red Hat offering, on top of the Novell offering, and eventually on top of Sun and Oracle and their Linux endeavors as well.

Ken Berryman - *Symantec - VP, Endpoint Virtualization*

I think I would start by saying that for years Symantec's strength has been managing heterogeneity and simplifying complexity. And in the world of physical and virtual endpoints we're going to take the same approach. We would like to have a set of solutions that allows an enterprise, large or small, to manage, protect, deploy, deliver, handle the full lifecycle of their endpoints independent of whether those are physical machines or those are endpoints that are hosted back in the data center. And in order to do that we have to support the heterogeneous platforms that are out there.

So if you want some fraction of your endpoint to be VMware-based hosted desktops we will manage that. If you want some fraction of your endpoints to be based off of old Citrix presentation forms, old legacy technologies we'll handle that as well. Similar to the Veritas virtual infrastructure there will be certain classes of solutions that we may offer a full fact, if you will, but the value proposition is really that we're supporting the full environment, and then over time if you have more operating systems, more embedded technology and more devices that value proposition becomes even more powerful.

Enrique Salem - *Symantec - COO*

Thanks, Ken. Okay next question is right here.

Kevin Buttigieg - *Stanford Group - Analyst*

Thanks, Kevin Buttigieg from Stanford Group. Talking about spend and the software as a services model as you migrate that up into the SMB space, how do you think about that in terms of expanding new market opportunities versus migrating customers from a product-based model to a services-based model? And how do the relative business models compare on product versus services?

Enrique Salem - *Symantec - COO*

You want to go ahead, Deepak?

Deepak Mohan - *Symantec - SVP Data Protection*

I'll start then -- .

Enrique Salem - *Symantec - COO*

-- sure, and I'll continue. Sure.

Deepak Mohan - *Symantec - SVP Data Protection*

So I use Backup Exec and SPN as an example. So if you look at again the mid-market customers they have no good way to store their data off-site. They do not have accounts with Iron Mountain and the way they store their data is in the truck of their car at best.

So the online service provides a great way for these customers to store their data safely. Also we find that really the small businesses -- I go to my accountant, there is nobody that understands in that office anything about data protection. So even if a partner installed a device it stops working after two weeks. So it creates a big incremental market for us so we don't see that as a cannibalization of our Backup Exec market.

At the same time, as we are building the Symantec protection network it has been architected in a way to provide additional software services on it using the same infrastructure, and we will continue to add those.

Enrique Salem - *Symantec - COO*

Yes, I think there's a couple of other things. When you look at the business models, I think it's important to look at, one is going to ultimately be where allowing you to store your store data on infrastructure that we provide. And so, now you'll now be more in a subscription model ultimately than you have been traditionally with our classic software products.

The other thing to think about is our distribution strategy here -- now that you're basically having a hosted offering well we'll still leverage the channel, you'll also be able to come directly to Symantec and purchase the product. So we also have a different go-to-market strategy as we try to reach out to the customer base for software as a service.

But make no mistake, while it augments the capabilities of on-site backup by giving you a disaster recovery component, it also reaches out to folks who are not interested in managing their own backup environment. So there is going to be a whole set of new folks who traditionally may not have done backups that now will be willing to do that in a more service-oriented fashion.

So we think it actually expands the market, and has maybe a little bit of cannibalization in the Backup Exec business, but ultimately it is a net positive to the overall revenue of the business.

Unidentified Company Representative

We'll take one more question. The last question, all right, okay.

Enrique Salem - *Symantec - COO*

Well, look I'd like to thank our product line leaders -- good job, guys. Thank you very much. All right next up we've got Janice Chaffin, group President for our Consumer Business who will talk about where we're going in consumer, and some of the new growth opportunities that she and her team are working on. Janice?

PRESENTATION

Janice Chaffin - *Symantec - Group President Consumer Business*

Thank you. Well I am very pleased to be able to talk about the Consumer business today. You've heard little snippets of things that we have going on, so I'm going to tell you many more specifics about what we're actually doing. It's a strong business and we've got some good opportunities for growth and those are really the highlights that I'm going to hit this morning.

So one of the best assets that we have in the business is simply our market position and our market strength. We have an incredible brand, and that brand, that Norton brand is known all over the world. In fact we track brand recognition on a very regular basis in major markets.

And in nearly every major market that recognition that awareness of the Norton brand, and what Norton does is in the 90%, meaning that nine out of ten people can tell you what Norton is and what we do. And that's an incredible recognition that frankly took years to build. Now right along with that, of course, is our market share. A very healthy market share today. And in fact that translates to a revenue that is three times the size of the nearest competitor, so very, very fundamentally strong aspects of our business.

Now the products are incredible too. In 2007, we had made a lot of improvements to the product and we won a lot of awards, Reader's Choice awards, Editor's Choice awards, all sorts of reviewer's awards and we were very, very proud of the 2007 products.

Well the 2008 products are really outstanding. In fact since the NAV and NIS products were released this fall we have had 95% positive and neutral reviews. That is incredible. That's a 30% increase over what we saw in 2007, so clearly very solid products, doing what customers expect, and getting rewarded with public recognition from reviewers and editors all around the world.

The other strength we have, of course, is all of our partnerships. We have a myriad of partnerships all around the world, different types of partnerships. So of course the OEM partnerships. We have partnerships with OEMs because that is a great source of customer acquisition for us.

We have partnerships also with retailers around the world, and while that particular channel is shrinking everybody can remember when there was lots of software on store shelves. There's not lots of software on store shelves anymore. It's still another good source of customer acquisition for us so we have plenty of relationships with large and small retailers around the world.

And then also with different ISPs. ISPs such as T-Mobile, and China Telecom, EarthLink, again a good source of customer acquisition for us as well. And then last but not least, our relationships with the likes of Adobe and Google where we're able to take a small product, Norton Security Scan and be able to seize the market and to get to millions of customers who download with Adobe Shockwave, this MSF product which gives us the opportunity to come back to them and tell them why they should have a full subscription for a Norton product.

So lots of ways to bring customers into the Norton business and we're really happy about the strength that we have. So today, I'm going to talk about some of the key aspects of keeping this business strong and how we're planning to grow this business. We are in a premium position in the marketplace and that premium position is important because it allows us to keep our ASPs high and provide that revenue growth rate.

But there are several aspects that allow us to keep that premium position that are under-pinning that that are extremely important for us to focus on. The first is technology leadership. Now we're technologists so we could just do technology and be really happy about. But technology for technology's sake doesn't mean a lot in most markets. It does mean a lot in this market for a certain segment of customers.

There's a segment of customers that we term the wired customers, very technology savvy folks, and some of you are in the audience, who actually want to see the latest technology. They like to know that the latest technology is in the security products that they buy. And those folks are important because they are very big influencers of the other segments in the market.

The wired segment isn't the biggest segment of the market, but it's a very influential segment and it does influence two very large segments in the market. Obviously folks that don't know much about technology find those technology savvy people and say, hey, what should I buy? And that's why technology leadership and sustaining it is really important in our market.

We have to add customer value. If you're going to be in the premium position you've got to make sure that the value-add is value customers want to pay for, not just frivolous features and functions, but value that truly matters to customers. And we consistently need to add that value to our suites and around our suites with additional products.

And then delivering the best customer experience. Now that might should a little bit like motherhood and apple pie, but it's really not. Because customer experience is linked to customer loyalty and customer loyalty drives repurchase and also influences others to come and purchase your products. So it's really very fundamental to a healthy business that wants to keep new customers coming and keep as many customers in as possible.

And now, last but not least, today I'm going to talk a little bit about how we're setting the agenda for the future. Some of the things that you've heard about already this morning are very interesting and we're gong to share some things with you. We're going to have also a little bit of show and tell, a couple of demos during my talk here in the next few minutes.

So first let's talk about technology leadership. The 2009 products are on a good track to come out their regular scheduled NAV and NIS in the fall and there's going to be some really nice features and functions inside of those products. I'm not going to outline all of those features and functions for you today because there is one over-riding theme that we've decided is the most important thing that we can do.

As we kind of step back and asked ourselves what do customers really want at that foundation of their PC experience, what is it that they're telling us, not just the security folks, but everybody in the market, and by far and away what we hear from customers in a variety of surveys -- there was recently a survey done and a couple thousand PC users in the U.S., what we hear is they complain about the performance of their PC.

They hate it that it boots too slow, runs too slow, they don't like that. Why? Because it's interrupting what they're trying to do with that PC in the first place. They just want to do what they want to do. They want to play a game, they want to do their finances, whatever it is, they get frustrated at that PC when it runs too slow.

So we decided we would take a very different tact. Now we've been improving the performance of our security products for a number of years and we're doing really very well. If you look at the benchmarks for 2008 versus 2007 products there were great improvements in boot time and memory usage and many other things. But when we really truly looked at what customers cared about the most this irritation with performance being eliminated through their PC experience, we decided we'd take a different tact.

And that different tact is to really set a goal for zero impact performance. So our products not impacting the experience of a PC user in terms of performance at all. Now this is a very holistic approach. It's not a simple approach. It involved actually over 100 different metrics that we have in our engineering organization that all add up when done to provide zero impact to performance. There's a couple of key ones on the slide here.

The first is installing fast. We want to make sure that the first experience that a customer has a really positive one. We want to install in less than one minute. Well that wasn't a simple thing to do. In fact that meant we had to rewrite the installer to be able to accomplish it. So we're not here today. It takes longer to install than one minute.

We want to run fast. We want to have less than ten seconds on the impact time to boot for our products and that's pretty swift. No one can make that today. We're close but we want to get there. So that's our goal, less than ten seconds impact to boot.

And then downloading fast, we want to make sure that we can download fast that means we have to be smaller. We want to be less than 100 megabytes. We're about 400 megabytes today. So that means we have to make dramatic improvements in being able to download fast. Now in addition to all of this another really important metric is fundamentals to security technology. Security technologies scan, they scan a lot. They scan all the time. They scan everything over and over again.

Well what does that do? That can impact performance. So we've actually developed new technologies, which allows us to scan less and still give you the effectiveness that you need in your security protection but to not impact the performance of your PC as much. So all of these things are really very important.

They're fundamental to customers. It is going to provide us with a nice gap between us and the competition and it's something customers really want. They want the best experience with their PC and they don't want anything to get in the way. And so zero impact performance is not just a neat technology goal it's something customers really care about and they'll come and want the Norton product because we can provide that experience for them.

So let's talk now about customer value and the kinds of customer value that we're looking at adding. Now we're continually adding more value to our suite products. We have done that clearly with Norton 360. Norton 360 Version 1.0 was a tremendous success. John mentioned it earlier.

It is a great product. It's about 30% of our consumer sales today and a very nice trajectory from when it was introduced in the market. Well we've already introduced Version 2.0. It came out just a little bit ago and Version 2.0 has some very nice features in it that customers really do care about. In addition we have a Norton 360 premier edition, which allows you to buy more storage up front, so an extra product, which has a higher ASP that allows you to have that incremental storage with it.

Now a couple of things that have really been important value to customers are both the backup and the identity safe offerings in 360. And these are fundamentally two of the things that allow us to charge more and have higher ASP for Norton 360.

The first thing we did in Norton 360 Version 2.0 with regard to backup is more aggressive upselling, more aggressive messaging about backup within 360 than we had in Version 1.0. We also added some different backup capabilities there as well. We have had a tremendous uptake on backup. We've about 30% of the Norton 360 users using backup today and they're very happy about it.

We are actually managing over ten petabytes of data. That's a lot of data since a petabyte is a thousand terabytes. A lot of data in the backup. So you can really tell that we've got lots of customers with lots of data in using a feature and function that's very sticky. Once your data is there, if it's working well and you can restore it, you're pretty happy. There's no reason to move it. So customer value through backup, and I'll talk a little bit more about backup in just a minute.

And then Identity Safe. Identity Safe was actually a feature we didn't promote all that much. Over 50% of our customers using Norton 360, use Identity Safe. It's a very simple feature to use because it does a number of things that are kind of a hassle for most customers. One, it helps you enter your password, but that's not all it does. It helps you fill in those annoying forms where you have to put the same information in over-and-over again.

You can create these hard metaphors for those forms to be able to say, this is a card I want to use when I don't want to give too much personal information. Here's a card I want to use for online shopping, so I'm actually going to fill in quite a bit of personal information. You can create many variances with this card. And so when you come to a site and there's a form to fill out, you can pick the card, it auto fills there as well.

And then last but not least, it tells you if you're going to a site that might be a phishing site. And all of that combined, really does, not only keep you safe and help you protect your identity, but takes some of the hassles away from computing. And this has really been a great feature. Again, it's very sticky.

Once your passwords are in there, once you know how to fill out the forms, all the data's there, you don't have to do it again. It's really a nice part of making your PC experience very, very, nice. So we continue to add value to our suite. And with these types of capabilities, we'll do some more of the same and we'll extend the capabilities that we have on today as well.

So let me talk a little bit about the SwapDrive acquisition. This has already come up this morning. Now, SwapDrive is a company that we've been working with since 2006. It was very seamlessly integrated into Norton 360 and clearly, we have a lot of data that's being managed out at SwapDrive.

What's very interesting for us in terms of a future opportunity it customer data is projected to grow at least 50% a year. That's a lot of data. Some projections actually, Parks Associates, I think it is, said the average customer today has nine gigabytes. In 2011, they'll have about 50.

So that data is not only exploding, but its precious data that's exploding, exploding for consumers. They don't want to lose their music, their pictures, their financial data. Those are very precious assets for all of them. So the SwapDrive acquisition is going to allow us some great flexibility in terms of new offers, we're going to be able to not only create standalone backup should consumers like that, but also being able to cross-sell and up-sell backup with existing products.

In addition, what's nice about this is once we have the data, there may be some new and interesting services that we can provide to customers that allow them to use the data and manage that data in different ways.

Now SwapDrive also has a number of partnerships with their OEM model. Those partnerships also offer opportunities for us to extend those partnerships, potentially to more Norton products, or for us to use SwapDrive in extending partnerships that we already have. So overall, a very nice addition, a very logical addition to our Norton product family and we're very excited about having SwapDrive as part of the family that we have today.

All right, let's talk about customer experience. Again, I said that this is not motherhood and apple pie. There are many aspects to customer experience. It's not just one aspect. Customer experience is every touch point that you have with a consumer. So it's the first time they purchase, whether it's in-store or online. It's the experience that they have with your product. It's the experience that they have if they need support, in the renewal process. All of those things are important and we pay attention and improve all of those different touch points.

We have continued to improve the experience with our products and that's what a lot of people know about. We've also improved the experience, the purchase experience. We've optimized the renewal experience. It's less complicated to renew, fewer clicks.

The one thing I'm going to talk about is customer support. It was mentioned earlier that we're winning awards for our customer support. But let me tell you why support is so interesting. It is one of the major factors that drive loyalty. Enrique talked about Net Promoter. We are religious about tracking the loyalty in the consumer business, quarter by quarter. And we do it not just with the business but by product. So we know that loyalty helps drive that customer to stay with you and want to renew and also to tell their friends and their families to buy your product.

So we have been literally on a mission to make our support the best possible support in the world for consumer products. What we did is we've done a number of things by improving our processes, making the product more supportable, easier to support. Not requiring as much support, making them easier to use and doing things such as embed support right in the product.

So today, you don't have to leave NAV or Norton 360 to find out how to get support. You could just go to the one click support button. You see the 360 button here. And then it will ask you what type of support would you like? Would you like to chat? Would you like to do e-mail? Or, would you like to phone?

Now it turns out chat is one of the things we've really been expanding because customer satisfaction, which is the one time experience that we also measure. That one time experience is very positive with chat. It's a kind of instant gratification and people like that chat experience. And we know how we come out on our customer satisfaction. We actually send out about 100,000 surveys a week to people that have had support experiences. We get about 10,000 back.

And those 10,000 -- out of those 10,000 responses on average, we actually have over 50% of customers giving us a ten out of ten, with ten being high. That's a really great metric to have. And better than that, our support has continued to go up every year after year. Customer satisfaction ratings have been driven up through all of our efforts and guess what? Customer loyalty has been driven up because this is one of the main drivers of customer loyalty and we want that for retention and repurchase.

So what's really great is today, it's not just something that we're saying we're doing, but we're getting industry recognition. Consumers care about who's got the good support, right? These products might -- they think they might be somewhat alike. Now I see somebody is getting great support accolades for what they do.

So we won the war for best online support but we also won best runner up for just one click support inside of products. And we're not going to stop there. There are many other things that we're doing to continue to improve support and make it a very positive experience.

Because frankly when you call, you're not ready for a positive experience because you've got a problem. We want to send you away from that support experience actually being happy, not only fixing your problem, but feeling really good about the experience that you've had.

So let's talk a little bit about where this has led. We knew that when customers called, that they had problems. And sometimes, they were problems with our products and we could help them fix that. And sometimes, they were just frankly, problems.

My PCs not working the way it should. It's running too slow, taking too long to boot. Gosh I don't know how I should backup or when I should backup or -- I've got all these pop-ups. I don't know how to get rid of them or frankly, my browser's pointing to something I don't want it to point to when it opens. I want it somewhere different.

Now a lot of these types of things, if you're a tech savvy individual, you know how to fix. You just go in. You fiddle with the settings. You know all about the operating system and all its capabilities. Well I'll tell you, the average user is nowhere close to being able to do that. The average user just becomes more and more frustrated as their computer slows down or as they get more pop-ups. And they frankly try to find somebody, very often, to help them. But in general, they just are frustrated. So a lot of folks who have PCs, have a lot of pain.

And this came up over and over again in our support experiences. So that this led to experimenting with, what else could we provide these customers? Because we, frankly, were able to answer an awful lot of these types of questions when they called up and said, I think I have a security problem, or I think your software is making my PC too slow. We could actually help them with other things. So we began to offer services to our installed base of customers to help improve their experience they were having with their PC.

Now today, we have five or six services in about nine countries around the world, different combinations of services depending on the countries that you're in. We have services that range from about US$15 to about US$110. And the kinds of things we're able to do are helping with installations of our products. We're able to help them with tuning-up their PC. We're actually even able to help them with their power settings.

Now to some of you who are really tech savvy, you think why would anybody pay for that? Well because most people don't even know they can play with their power settings, all right? We're able to save them money on their utility bill and we've kind of benchmarked this, by just finding out what kind of a user they are and then setting their power settings appropriately.

So we introduced Green PC, actually the promotion is part of Earth Day, and there's some great uptick. So today, that service is about US$15 and people are taking advantage of it.

We are doing about 40,000 of these services a month, with very high satisfaction. Now why is the satisfaction so high? Because they're very short, they're very repeatable and they're all done remotely. They're very, very confined to what they do. We say we're going to do it. We do it. It doesn't take much time, customer's happy.

It gives you a high satisfaction rate. This is great for building loyalty inside the Norton family. So if you're happy with your experience. You're happy with the Norton products. Norton helped me again. That is great from a customer retention point of view, but also because it allows us to monetize our installed base and potentially beyond.

So I'm going to actually run through a PC tune-up. It's a flash demo since I'm not going to call an agent and get a real tune-up on my laptop up here. But I thought that you would be interested in seeing exactly what a tune-up experience will look like if you were the user.

So if I were a user, I would have already gotten my tune-up. There's only two ways today that you can actually get these services. One is through our support site. In the support site, you can go in and buy these services. And the other way is as a bundle in our online store. So you can buy these services in combination, various combinations, with our products. And those are the only two ways that you can get the services today and even as such, we're doing about 40,000 a month.

So I would have already purchased my experience, whether it be through the support channel or through the online channel. And this is the next thing that would have happened. I get welcomed to the Tune-up Service in this case. And the first thing it would show me is, here's the three things that are going to happen during a tune-up. We're going to have an evaluation of your PC in the current state. We're going to then connect with an agent. So these services require a human, but it's very standardized. And then this human is actually going to perform the service, so in this case, the PC Tune-up Service.

So we read about what's going to happen and then we hit continue, very simple. And then the evaluation of your current PC takes place. But it's very quick, doesn't take a long time. It does, of course, depend on what exactly is on your PC. But you can see it's already done its survey of what's on this particular laptop and says okay. Now we're ready to connect with an agent. So you've already had your status, you're ready to talk to that agent. So you're going to call that phone number and you're going to hit next.

The agent then will want remote access to your PC, so that they can help you. So they're going to give you a code to put in for that connection. And then the next thing that happens, we're not actually going to have the agent walk through everything, is the agent goes through a series of steps and performs the actual Tune-up Service. Looking at the speed, your disk space, the memory utilization, your system overall in terms of your operating system updates and what kind of security product. Is it current security product that's protecting you?

Now I'll walk you through each of these steps. If you'd like to stay on the line so you can understand what they're doing or you can actually walk away and as they go through the steps, they highlight the different boxes that they're on. And when they're all done, what's produced is another scan, so that they can see how much did they improve the performance of your PC.

Now if you're a tech-savvy user and these are not aimed at the tech-savvy user because most tech savvy users are doing all the tune-ups. They've got their own tools. They're doing what they want to do. But most customers that we talk to, by far and away the majority, have no idea how to tune-up their PC and to do each of these individual things.

So they get a report card. Consumer's looking at the report card. The PC started out with three stars. There's five stars possible. We did the tune-up activities. We got two more stars. Now they're not always going to come out as stars, but for our example, we've got five stars on this one. And then the agent walks the customer through the results.

So let's take a look at memory analysis in this case. Well they've said you had two gigabytes installed, but you know what? Your PC might be still running a little bit slowly because you have four gigabytes possibly that you could possibly put into your PC. So if it starts running slow, you might want to think about adding memory, because you have four megabytes that are possible on your system.

It'll go through and analyze your speed. The agent will talk through this. Went through the start up, made sure only those start up things were starting up that were absolutely necessary, so their boot time was minimized. And the memory utilization was optimized as well. So I'm not going to walk through each of these, but you can see that the customer is able to understand what the agent did and what they improved.

Now very importantly, there's these service notes. These service notes are tips that the agent can write in for the customer as they talked to them, making sure they understand what they can do to keep their PC in as best a shape as possible. Now we have pretty good results. Now we can't take a completely old PC with not enough memory and not enough disk and make it run like a whiz, but we can help customers get the most out of the PCs that they do have.

Now all these service notes, we're not going to backup now. All of these service notes then are kept along with the report card for the consumer in a nice little icon on the desktop. And they can refer to that report later on. So that's just an example. This particular service usually takes between ten and 20 minutes. It's $69.95 and customers are extremely satisfied with this.

And in fact I was just reading some comments on this service that were passed to me the other day and people love their agents. They talk about them by name. [Barry] helped me with this, [Suzanne] was wonderful. So these are services that people really value. They had a great experience. It's great because we can add services, charge for these services, customers value them, we can extend our installed base and monetize them in new ways.

So we're looking at other ways to make these services available. Today, as I said, they're only available through support or in bundles with our products. But we'd like to extend that to make them available much more broadly.

All right, so let's talk now about the future. And I'm just going to hit one particular area about the future of security. And then I'm going to bring up Rowan Trollope, who's our Senior Vice President of Consumer Product Delivery, to talk about another area that you've heard about already this morning, Family Safety.

Brad mentioned this, the traditional way of doing security, which is based on signatures, is really coming to its limit. In year 2000, we had about 20,000 signatures that we wrote. We could take care of all those mass-produced viruses that were out there, the threats that were out there. Because one signature hit them all and it was great.

Well what's happened is, this mass customization and this increase in very individualized threats, because there's tools out there on the internet, that allow you to modify threats in little ways. And suddenly then, one signature doesn't capture all of it. So that's become a challenge because here we are 2007, we wrote 700,000 signatures. That's a lot of signatures. And you can just see where we're going to hit the million mark here pretty soon.

So we needed to take a different approach. And the Symantec Research Labs have been working on this approach for some time. And we're now in the process of actually bringing this approach closer to market here. And the approach is really very simple. It's based on a couple of principles.

If applications and files are used by millions and millions of people, they are -- there's a high statistical probability that they're good. If you're a consumer who's been infected before, you're probably a consumer with behaviors that's going to get you infected again. You take those pretty simple fundamentals.

If you've got millions and millions and millions of endpoints, like we do in our business, you can suddenly build a statistical model that helps you identify very quickly, who are the bad users and the bad files and the bad applications. So that you can no longer have the bad guys hiding behind the good guys.

So this type of technology is already deployed in a test mode today. We're getting efficiencies in the high 90s. And its technology that's fundamental to us on going forward. It is something that customer -- that companies without the footprint, the size of Symantec and Norton, can't hope to provide. Because you need all of those endpoints to build statistics that you need to create this type of protection.

So the small guys are going to drown in signatures and we're going to use this technology in combination with signatures that we need to write, to help make sure consumers are completely protected everyday. Now with that, let's go to Family Safety which has been mentioned several times this morning. It's web-based Family Safety. And with that, I'm going to introduce Rowan Trollope to come up here and take us through the Family Safety demonstration.

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

Thanks, Janice. Okay, so keeping our children safe when they go online today is a top of mind concern for many parents, including me. I've got a teenager at home and he spends a good deal of time everyday, using the internet, whether it's on MySpace or Facebook or chatting with friends on Instant Messenger. As much as I'd like to understand everything else that he's doing online, I just can't.

There are a lot of parental control solutions on the market today, products that do everything from blocking all contents that you would receive on your computer, to monitoring the online activities of our children. However, the reality is, and the research shows, that these models are generally not effective. They aren't adopted well by parents and they aren't received well by children.

So our team at Symantec Research Lab, has looked at this problem extensively and talked with parents, children, teachers and other experts. And they've been looking at how to solve this problem. And as a result, we have developed a radical new approach to family safety. Which promises to not only keep our kids safe online, but also to help facilitate critical dialogue between parents and kids. And that's that product that I'm going to demo for you today.

It's called Norton Family Safety. I'm going to bring that up here. I'm opening up my browser. I'm going to navigate to www.familysafety.com. There you go. So this is Norton Family Safety. It's a unique offering for family safety and a new approach for Symantec. This product is actually a web application, a departure from our traditional PC-based boxed product solutions.

To access this service, parents simply log in to the web site that you see on your screen and on first use, will click a one second install to download a light weight agent onto their kids' computers. So let's go ahead and log in. There we go. And what you're seeing today is an internal, sorry an invitation only beta that we're currently running. I'll log in. Okay, there we are.

So you can see, let's click on -- we've got our kids here. We've got Sarah and Sean in our demo account. So, go ahead and click on Sarah so we can demo some of these features. So you can see on screen that we've got a bunch of the categories that you would expect from a traditional family safety product, web content, news, instant messaging, search and time. But we've got some unique and interesting features as well.

And I don't have time to take you through everything today. But I wanted to just demonstrate a few of the unique and, I think, interesting features that we're bringing to the market with this offering.

Starting with web content, now, most parental control software on the market today have some form of web content filtering, whether it's whitelisting and blacklisting or the ability to categorize the URLs that your children are visiting. We've taken a different approach. What we've found is that software generally tends to be very hard to use and parents don't want to go looking through their kids' browsing behavior looking at categories and so forth and so on.

I'm taking a cue here from Apple and you can see a visual approach. I'm looking at what sites my child's been browsing to online. And then we could double click on one of these. Playboy.com let's not click on that one. Okay, so another unique feature of Norton Family Safety is around instant messaging. Instant messaging is certainly how many of our children are communicating today. And up until now, other than looking over your child's shoulder, there hasn't been very much you could do to monitor this behavior.

With Norton Family Safety, as you can see here, we can get a lot more say in who are children are communicating with online. So for example, some of the folks in this list are marked as friends. And those are people who we trust and we allow our child to communicate with. Some are marked as unsure. Those may be friends from school who we haven't met yet. And some are marked as blocked. And as a parent, it's very easy for us to go in and just change the setting and immediately the child would be able to communicate with that friend online.

So that's sort of unprecedented control over instant messaging. And this is using the IM logic technology that we acquired on the Enterprise side, leveraging that on the consumer side, so we support every instant messaging client that's on the market today.

Now let's take a look at social networking. So the majority of teenagers that are online are involved with social networking sites. As I mentioned earlier, my son actually has a few different MySpace accounts and a Facebook profile. In this demo, you can see that Sarah has a variety of profiles, Facebook and MySpace.

And in the case of little Sarah, the MySpace profile, she's represented her correct age, 14. And this is a real use case actually that we had with one of our customers. You can see that a month later, Sarah changed her name to Erica, created a new MySpace profile and is now claiming to be 19.

So, what we do here with Norton Family Safety allows us to get more insight into how our children are representing themselves online, especially when your 13-year-old is representing -- or your 14 year old is representing themselves as a 19-year-old. And we think that's going to facilitate some interesting and important conversations between parents and kids.

Now because Norton Family Safety is a web site, you can access it at any time, no matter where you are, if you're at your computer at home or if you're away from your computer. It will support customs web interfaces for the iPhone and other mobile devices. And at launch, we intend to support both the Mac and the PC. So, there's a lot of features to Norton Family Safety.

We don't have time to go over them all here. But, hopefully you have a taste for what we're doing and where we're going with this exciting new technology. I mentioned that we're currently running an invitation only beta and in the future, I'd say later this year, we'll be going to a fully opened public beta. And hopefully many of you will sign up for the beta.

So that's Norton Family Safety. Thank you very much.

Janice Chaffin - *Symantec - Group President Consumer Business*

Thanks Rowan. So what's also great about this is how collaborative it is. A lot of the online safety or online family safety solutions on the market today aren't collaborative. This forces a parent and a child or a family, to sit together and say, what are the house rules.

And if you're a parent like I am, that's what happens with all the other things that your children have as activities. You talk about what are the rules. You can't stay out this late. You can't go on a date. I have that rule with my 16-year-old daughter. You have to have six people with you, or be 16, or no date.

So those are the kinds of things that this product allows you to do. It does pre-populate by age, so the customers have somewhere to start. But it allows that dialogue to continue. Not only in setting up the product, but also beyond that in dialogue day-to-day.

I think some of the feedback we've already gotten from our internal beta is from families, who are Symantec families, saying gosh I'm now having way more interesting conversations with my kids. Because I really didn't know they were interested in some of these things, so not negative conversations, but positive conversations about where they were searching and topics that parents weren't really aware of.

So it's also something that is nice to use. It's sticky. Once you use it, it starts to say, hey this is kind of cool. You know, what can I talk to my kid about today. So, great. Now on top of that, there's multiple opportunities. It is a web-based solution, multi-device solution. And we are going to launch it first online, because we can get to lots of customers that way. But there are many channel possibilities for offering this type of a service to consumers as well. So were very excited about this, both as a parent as well as being a part of the consumer business here at Symantec.

So let me just summarize today for you what I talked about. So again, technology leadership is extremely important for influencing that wired segment, who influences the other segments that are the majority of the market. And performance is the key. If we can actually have zero-impact performance, people will come to the Norton products for simply that reason because they are so irritated about their PC experience overall.

Again, adding customer value. I talked a lot today about identity, save and back-up. Two very key areas today that are adding value to the Suites and we see some great opportunities to extend capabilities from the SwapDrive acquisition, so that we can continue to add more value in the backup space in particular.

Delivering that best customer experience, out of that came these new services, we're very excited about the possibilities for what are very, today, very confined services for the Norton installed base of customers. But we think there's some great possibilities because these are repeatable, remotely provided services with good margins.

And then last but not least, you saw a couple of things that we're thinking about in the future and we're starting to implement both Family Safety and the new security technology that will help us really eliminate the need for millions and millions of signatures to be written to match every threat out there in the wild.

So thank you very much. At this point, Rowan and I will have some time for Q&A.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Thanks, Janice, can you tell us when do you expect to get to the zero-impact performance? Is that a goal for this fall when the new products come out or is that just a long term goal?

Janice Chaffin - *Symantec - Group President Consumer Business*

Yes, we're hoping to get there with our next set of products and Rowan can comment on that. But that's the goal. It's a good goal.

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

I think that it's something that we will strive for ultimately. We did set out certain specific metrics in this release. One second that Janice shared earlier, one second, you know, one by ten by 100, some of those metrics that we shared earlier. But I think ultimately, you strive for zero-impact performance. Do you ever really get there? That's the goal that we're really shooting for. And I think what customers will see with this year's releases is the fastest security product on the market.

Unidentified Audience Member

And just a quick follow-up to that. Can you give us any -- you showed us a lot of different consumer services and as consumers ourselves, you can see where value is there. But can you give us any metrics, any quantitative metrics as to where these businesses in aggregate are yet today? Some of the products aren't even out there, I realize, but some of them are and that's probably why you're so excited about it.

Janice Chaffin - *Symantec - Group President Consumer Business*

Yes, the services, we do about 40,000 a month currently in about nine countries, different combinations in different countries. So, that's kind of the scale of what we've got going on today. And they range in price from $15 to about $110. So it's kind of not in that range today.

Unidentified Audience Member

Thanks. Two quick questions, with Norton 360 Version 2 having come out now and Version 1 last spring as well, were you sort of on a different schedule as far as Norton 360 and the rest of the consumer products or upgrades with -- or is there going to be another Norton 360 version coming out in the fall and kind of the synchronization around all new products continuing to be around the fall schedule?

Janice Chaffin - *Symantec - Group President Consumer Business*

So, we're on a pace now to have this announced in the Fall and with 360 to follow.

Unidentified Audience Member

Okay, so it will be another Version 3 perhaps coming around the fall?

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

No, not the Fall --.

Janice Chaffin - *Symantec - Group President Consumer Business*

Not the Fall.

Unidentified Audience Member

Okay --.

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

What we've been doing is, we've split them up by six months. So we've found that, that cadence works best in the channel for having -- instead of having one big bang each year, now we have two events each year, which is much better for our channel - .

Unidentified Audience Member

Okay and what do you think about sort of the longer term different payment models for the consumer business as a lot of consumer software has kind of moved towards more advertising supported models?

Janice Chaffin - *Symantec - Group President Consumer Business*

As we look at some of the future things that we're offering, we're certainly considering any business model that might make sense for us. So we definitely will get those kinds of things as we get out into the future.

Unidentified Audience Member

Thanks, a few questions for you guys. First on the Tune-up and the services, are those services profitable from Symantec's perspective today?

Janice Chaffin - *Symantec - Group President Consumer Business*

Yes, there's good margin on those services.

Unidentified Audience Member

Okay and any sense for how you're going to price the Family Safety product and how you're going to take it to market?

Janice Chaffin - *Symantec - Group President Consumer Business*

No, not at this point. We know we're going to launch it online. But we don't have a price. We're in internal beta at this point and also, exploring what exactly will be all the parameters of bringing it to market such as price.

Unidentified Audience Member

And last question, if you look in Europe, you're seeing some freeware-based offerings capture market shares in specific countries. Is there any sense for kind of why that's happened in Europe and any risk in the U.S.?

Janice Chaffin - *Symantec - Group President Consumer Business*

So, in terms of freeware it -- yes I've seen it in some places catch -- you know this is an interesting thing as a lot of the freeware really doesn't protect the consumers as much as they need to be protected. So, it's an interesting dynamic and some of it means we have to do a lot of education so that people who are less -- have less understanding of what it means to be protected, get the right thing.

But yes, there's some freeware out there and what we can do is really make sure that customers understand what it is they need to be fully protected.

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

I'll just add that freeware is capturing 0% of the revenue share.

Janice Chaffin - *Symantec - Group President Consumer Business*

That's right, exactly.

Unidentified Audience Member

So, you mentioned right now that this is available through the support site, some of the services that you're going to look at other potential delivery methods. I'm just wondering, since it seems to be targeting somewhat unsophisticated users perhaps, along with the other methods of delivery, are you also potentially looking at different -- some type of campaign, either print campaigns or some type of marketing campaigns around this?

Janice Chaffin - *Symantec - Group President Consumer Business*

So we are currently looking at how we would bring these services to market and that's certainly one part of how we'd look at the marketing aspect of it. But I don't have anything today that I can talk about.

Bob Becker - *Argus Research - Analyst*

Hello, this is Bob Becker with Argus Research. Janice, when a customer service rep is performing a tune-up to a client, what are -- I presume they have the capability to see what security product from other vendors are on that PC? I was wondering what the sales pitch is to convert those clients over?

Janice Chaffin - *Symantec - Group President Consumer Business*

Today we don't -- unless the customer doesn't have an active security product, in which case then we recommend of course our Norton product, we don't try to give them the sales pitch to switch if they have an active subscription. We just tell them that they are protected, because we can see.

Unidentified Audience Member

Hello Janice, I was wondering if you could give us an update on -- and some of those things may have been given throughout the day and I just missed them, but on where you are in subscribers, what the tiering looks like, how renewal rates have behaved in the last few years? Anything quantitative that you could give us would be appreciated.

Janice Chaffin - *Symantec - Group President Consumer Business*

I think you know the answer. We don't give out our renewal rates. But I can tell you that we've had auto renewal and auto renewal has performed in a very well -- for us it's met our expectation. And we continue to work on ways for the non-auto renew customers to renew more with us as well by messaging to them. By making it easier to renew, so we're constantly working on renewal rates. And I talked a lot about how we're getting new subscribers to come in through the various partnerships that we've got. So, there's not a lot of numbers that we share around our subscriber rates and tiering and those kinds of things.

Bill Winkler - - *Analyst*

Hello [Bill Winkler], (inaudible). Just another question on the auto renewal side, I was wondering if you could give us a sense of just where we are in that process? And what do you think of the percentage of the base that you think will ultimately stabilize as far as non-auto renewal?

Janice Chaffin - *Symantec - Group President Consumer Business*

So auto renewal has lapped one year in the major markets in the world, but we don't have it everywhere yet, even some of the smaller countries. So, it will take a while to do that and it's basically performing to our expectations. We haven't given out the renewal rates on auto renewal, but it's performing very well and as we expected.

Unidentified Audience Member

Just a follow-up on the auto renewal, do you see that over the years as a percent continuing to increase dramatically? And just kind of anecdotally, how would you view auto renewal, both relative to your base over the next three to five years?

Janice Chaffin - *Symantec - Group President Consumer Business*

So we're still in the mode of rolling it out. It is in the major markets. It's not everywhere. But it's hard to answer that question. There's certainly customers who enjoy auto renewing. They see it as eliminating a hassle. They don't have to worry about it every year. And there will be a set of customers who frankly, don't want to want to auto renew. Just like on magazine subscriptions or whatever it might be. And I don't know exactly what percent that will end up being and we're still rolling it out.

Unidentified Audience Member

All right Janice, could you talk a little bit about, with your focus on Norton 360 sort of what's going on with the base antivirus product in SystemWorks and some of the other products and beyond the consumer side?

Janice Chaffin - *Symantec - Group President Consumer Business*

Can you talk about that?

Rowan Trollope - *Symantec - Senior Vice President of Consumer Products*

Sure, so we're still releasing Norton Antivirus just like we always do this year in the fall, and there's a tremendous amount of effort, as we mentioned earlier around internet security. All that same work applies to antivirus as well. So the antivirus product, we intended this year to be the fastest antivirus product in the world. That's kind of what you're seeing on antivirus.

SystemWorks continues to be a good performer for us and will be revved this year as well. So, we last year released the Vista version. We'll have another brand new release of SystemWorks this year as well. So the whole portfolio is getting refreshed. We just tend to focus on the big three.

Unidentified Participant

We'll take one more question. Okay.

Janice Chaffin - *Symantec - Group President Consumer Business*

Great, thank you very much. And I believe it's James.

Unidentified Participant

Yes.

PRESENTATION

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

All right, good afternoon everyone, just a few slides to finish off the session here. This first one should look very familiar to you. It's exactly as it was this time last year. We continue to believe that looking at the combination of our growth of four metrics, revenue, earnings per share, deferred revenue and operating cash flow is the right way in the aggregate to get the sense for the progress of the Company overall.

So what are the long term financial objectives? You've really heard most of this at this point in the session. But just so you see it on one slide, we've talked -- Greg mentioned earlier, the focus on having revenue growing between 8% and 12% a year including the impact of acquisitions. And we also expect deferred revenue to operate in that bound as well. Now that we're well past our various business model changes the last couple of years, we're seeing revenue and deferred revenue growth rates converging on one another.

We've talked about how we look to as a result of the revenue growth activity and our ongoing expense discipline looks to build our operating margin. Our target here is to improve by 100 basis points a year. We accomplished that in FY'08. We look to accomplish that going forward.

Growing EPS faster than revenue, this is where our share by banking activities particularly, help us in addition to the revenue and expense work that we'll be doing.

Moving on to cash flow, here again, I expect the growth rate to come approximately in line with the growth rates of both revenue and deferred revenue. Obviously with cash flow, we've got no accrual accounting concepts and so, you'll see more variability from one year to another, , but directionally I'd look for cash flow to grow right in line with the revenue and deferred revenue lines.

And then how are we going to use that cash? Well, in two ways, to promote our growth rate and to continue our record of repurchasing our shares. We're going to look to use around half of our operating cash flow per share buy-back, a little bit more about that in a moment or two. And as we do that and as we work to use the other half of our cash flow to support our growth activity through either organic investment or through M&A we'll naturally be able to continue our work to optimize our capital structure.

So let's take a quick look at each of those primary metrics in turn. First of all revenue which over the last three years we've had growing at a compounded growth rate of 9%. You've heard much during the morning about our focus going forward on re-allocating a disproportionate amount of our investments to the fastest growth rate opportunities that we have before us. So I think that's a key theme that I'd like you to take away from the conference.

We've in recent courses been able to demonstrate very nice progress in terms of selling up, selling across this very broad portfolio of products that we now have. Good to see that in fiscal '08 our deals sized greater than $300,000 were up 12% year over year and, in fact, by the fourth quarter you may remember we mentioned on the call, that 80% of our large deals now were containing multiple products very much emphasizing this trend towards the sales force leveraging the breadth of product portfolio that we have.

Also I feel very encouraged by the alignment that we have and I'm hoping that you take away today a good degree of that thought process because as we have now Enrique operating as the COO across the Company. We have a better ability to optimize for a single business unit versus the individual business unit that we had in our prior structure.

That is assisting the focus on integration of our products across the portfolio where it makes sense for customers. Again that's been an important theme of the morning. And I'm also encouraged by the focus that the sales force has on driving new license growth. I think that will be an important aspect of how we'll look to build our revenue base this year.

Of course we've also discussed during the morning various of our recent acquisitions that we certainly expect acquisitions to continue to be an important part of how we grow the business, as well various alliances. We're in relationships both where we sell somebody else's product and where other partners of ours sell our products. And then partnerships as well, we haven't had much of a chance to talk about Huawei.

Greg noted on one of his slides, but here we have entered into a joint venture which we see as a lower cost, lower risk way to really build our business in Asia and beyond. We're the minority partner in this joint venture, at the moment, so our proportional share of the earnings will get accounted for in the other income line. And certainly, this year is very much a start-up year for us in that endeavor, but very encouraged by the long term prospects there of working well with Huawei and indeed we have the longer term option to become the majority player in that joint venture.

So moving to deferred revenue which we've seen growing compound annually a 15% in recent times, I would expect that growth rate to come down and come into line with the revenue growth rate as I was alluding to earlier. And on the right hand side of the screen you see that as we grow the absolute volume of dollars that are rolling off the balance sheet into the P&L in any one particular quarter and actually continues to rise.

But the blue line there is illustrating that as a percent of total revenue that we record in a particular quarter, we're really stabilizing our -- right around that 60% realm and again I would expect that to broadly be the case going forward, as well. So we've now put some space between ourselves and those business model transitions of past years and so we're now in a period where there's greater stability, greater predictability in terms of the trajectory of our results.

Moving down the P&L to operating margins, we're obviously very pleased in the fourth quarter of the past fiscal year that we were able to build margins by over 500 basis points. Clearly, the focus on spending discipline has been a part of that story and I certainly feel as though there's a continuous improvement opportunity here.

That's very much the perspective we're taking right across the organization, more specifically, clearly a large portion of our overall cost base is headcount related, so we need to be very careful about our organic headcount both in terms of number of people and rate and so forth.

There'll be other opportunities, as we move forward here, to continue to work on the real estate portfolio and manage all of the other cost lines of the ledger just as efficiently as we possibly can. And of course our focus here on growing revenue will, naturally, also provide us with upside leverage on operating margins. Our fiscal '09 goal again then, 100 point improvement in operating margin.

With EPS, clearly, we're looking for continued there. We see 13% compound annual growth very much as a result of the results of the last fiscal year. So, clearly, it's revenue and cost control again, but here share buy-back is been an important part of the overall picture, as well.

And the other point I make on this slide is that we have heard you loud and clear as to the importance that you place on consistent execution and so that's very much our focus going forward here. Obviously, we need to have a plan, we need to know where we're trying to get to and I think we've outlined for you much of those plans this morning, but there will be a very sharp focus on quarter by quarter execution. Consistency is what we are looking for here.

Moving now to the cash side of things, we're pleased that in the last fiscal year we're able to grow the cash from operations 9% as we had some nice collections performance and we're able to see some of the benefits coming through of our various cost initiatives. The cash balance was also helped by the fact that we were able to reduce our capital spending relatively significantly year-over-year, down 35% and, directionally, I would expect the ongoing capital expenditures for the Company to be around that ball park of $.27 billion going forward here.

Another item we noted in the 10-K you may have seen is around the large IRS case that has been outstanding for a while now. As a result of all of the work that's been going on in the background, very much over the last couple of years, we're pleased to see that the IRS has modified its view as to the liability that they believe that we face.

So, the original sticker price of $867 million in tax is now down to $545 million. We still strenuously believe that is absolutely incorrect. We believe we have a very strong case and we'll be heading off to court a little later this month to explain the merits in our view.

Well, what are we going to be doing with all of that cash? Well, we have continued in FY '08 a very strong recent record of returning cash to shareholders. Over the last three years we've returned approximately $8 billion to you and in the last fiscal year we recorded $1.5 billion in share buy-back.

That equates to 81 million shares repurchased at an average price of $18.53 and you see on the right hand graphic there how the share counts has continued to step down quite substantially in the last couple of years or so. That 81 million shares equates to us using 80% of our cash flow from operations on share buy-backs. Now that's clearly utilizing something over one time opportunity to lower our U.S. dollar denominated cash balance over all.

So you see on the left hand graphic that now only 30% of our cash balance is denominated in U.S. dollars. This time last year the graphic said 50%. So that has helped us along this past year in terms of share buy-back volumes and so forth. Going forward, we're targeting that 50% of our operating cash flow that I mentioned a little earlier.

And I'd just really like to emphasize that again that is a very substantial goal because, of course, remember that we're a global operation and so much of our cash flow from operations is actually denominated, actually earned in currencies other than the U.S. dollar and, of course, all of our share buy-back activity occurs in U.S. dollars so 50% of overall operating cash flow is, again, a very large percentage of our overall cash flow as it's earned in U.S. dollars.

Based upon what we have seen thus far this quarter, as we alluded to earlier, we're entering the final furlong or so of the quarter so we've got plenty of work left to do, but so far so good and so I am able to reiterate the guidance that we put out on the last earnings call. So those figures are just as we discussed a little while back.

The other thing that I'll remind you of how in this June quarter we have that extra week of activity, the 14th week that comes around once every six years or so. And so that extra week of activity will, on a one-off basis, add around $65 million in revenue, about $40 million in cost and there for a couple of pennies to the EPS line. So it's important to remember that there'll be a very different sequential pattern between June and September this year versus what we have seen in prior years.

Okay, to sum up. Last power point slide for the day, we have clear financial goals. We have steadily improving execution, as has been discussed, our products are in extremely good shape. We're very much focused on working to maximize the benefits of those products through a variety of integration initiatives.

The salesforce has a sharp focus on growing license revenues and further leveraging their efforts to sell right across this very broad, and half full portfolio that we have amassed. Our financial performance will be driven very much by our focus on revenue growth. That's a key message to take away from today, but of course also important will be looking after the expense side of the equation as well.

And let me leave you with our focus on shareholder value. We will generate substantial cash flows, we will generate substantial earnings per share growth, and we'll use a substantial amount of that money to plow back into share repurchase.

So with that, I'll happily take your questions.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Quick question, quick clarification on the long term guidance, first thing on the 8 to 12% is that nominal or real and if there are currency assumptions in there what are they? And then second, I think John mentioned earlier that he thought that about two to three points of that would come from acquisitions, I just wanted to clarify that that was the expectation.

And then lastly, in terms of the cash flow growth sort of the same level as revenue growth, but you have some margin expansion in there is it just conservatism or could the cash flow grow a little faster than revenue?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, first of all in the 8 to 12%, I'm assuming that's all affects neutral, so I'm not assuming any dollar weakening in that number. I'm sure [Michael], you wouldn't expect me to be contradicting what John was saying a little bit earlier about the proportion of the growth rate that will be driven by M&A activity?

Clearly, that's very much going to be dependent on which deal is done in which year and so forth. So that'll bounce around, but that's certainly a very reasonable way to look at it. And then in terms of the last part of your question, conservatism around margins, what was that?

Unidentified Audience Member

It's just that you'd said that revenue growth, excuse me, cash flow from ops should grow about the same rate as revenue, but you've got some margin expansion built in, so shouldn't we see cash flow growing a little faster?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, again, I think with cash flow growth directionally it will line up with revenue and deferred revenue growth, but it will be less consistently converging just because of the one-offs that occur in cash flow, either on the upside or the downside. So you'll see more volatility around that figure.

Unidentified Audience Member

It looks like your licenses grew about 2.5% year on year in fiscal '08. Now you're incenting a much larger of your sales force to form new licenses and the amount of revenue coming off the balance sheet is also going to stabilize. So does that imply that your license growth in fiscal '09 is going to be significantly higher? Can you give us an idea?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, I'll just say we have, as I'm sure you have seen from this morning's activity, a lot of focus on the growth arenas that we believe we have available to us and we have a sales force focus to deliver on the license side of things. So as you say, when you look at the 10-K license growth in recent times has been relatively modest.

Now, you have to be a little bit careful with that because remember that in the K within that content section you've got a variety of new customers, new business coming into the organization, which just happens to be taken ratably over time, but I would expect to see the formal categorization in the K of license looking to grow over time here, absolutely.

Unidentified Audience Member

Do you think license growth will exceed the overall revenue growth?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, I won't to particularly make a specific prediction there, but again you want both the license side of your business and the maintenance side of your business and then also the services side of your business growing at approximately the same rate over time. You know it's the license side of it that obviously comes along with a nice long tail of maintenance growth.

Unidentified Audience Member

If we assume that the organic growth of the Company you expect is going to be 6 to 10% over the last year it's been on a sort of organic constant currency, bookings growth has been well below that. So you guys are sort of implying that it's going to be an acceleration in the bookings growth of the Company, particularly if you assume that deferred revenues are flat and you're not assuming any currency benefits.

So I guess you've talked about a lot of the different growth opportunities in all the different segments, but I'm wondering if you could give us a sense where you have the highest conviction that growth is going to accelerate and where kind of the bulk that acceleration is going to come from over the next year?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well you've, as you say, heard all the different stories from the team, but some of the best revenue growth opportunities, again, are come in the areas of data loss prevention, the assets that we've taken on from Vontu, from Enterprise Vault, from the consumer services side of things, for example.

So those are going to be very nice contributors to the overall growth activity of the organization, but right across-the-board we'll look to be growing, upselling, whether it's net back up through things like pure disk duplication and so forth, on the Symantec endpoint protection side through network access control, encryption, so forth. So there are going to be opportunities right across-the-board, but things like DLP, archiving, and services on the consumer side, I think, again are going to be particularly robust.

Unidentified Audience Member

Just a follow up of Michael's question because these growth rates you're giving are long term growth rates, I still don't understand why the cash flow growth rate, cash flow of operations growth rate would be less then what you expect out of EPS because you expect the EPS rate to be greater than the revenue growth rate.

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, I think the EPS growth rate is really given an extra push by the work that we're doing on share account, very much driven by that substantial volume of share buy-back. So that's really conceptually why I think of EPS as on a different growth trajectory to the core top-line activities, if you will, revenue, deferred revenue, and cash flow that results.

Unidentified Audience Member

Okay. Thanks.

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

We've exhausted you. No? One more?

Unidentified Audience Member

James, I was just curious, would you point us to any particular growth rate for September, at this point I know it's early, but just given the peculiarity with June this year because of the extra weeks?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

No, well we'll just give you guidance for September when we get to the June core results, but I do want everyone to focus on the fact that June will have an unusually large revenue and EPS volume because of that 14th week. So you will have a different sequential movement there between June and September, but I think if you back out in your models for those June impacts that we've been very specific about for the 14th week you'd be looking at then the typical sequential relationship between June and September.

Unidentified Audience Member

If we've got a focus on more kind of - we're likely to see this year more intra-period revenue recognition because of how incentives are aligned. Does that mean we'll see a little bit of a deceleration in terms of what's going on to the balance sheet in terms of deferred revenue growth and I guess related to that do you expect to see average contract term lengths maybe shortening given the incentive system?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

No. We're not necessarily expecting average contract lengths to be changing and clearly, yes, if we're putting more activity into the P&L in-period, as licenses grow as a portion of the overall sale, then yes, by definition we're putting less on the balance sheet.

So, that slide that I showed where the proportion of revenue in a quarter that was coming off the balance sheet right around the 60% realm, that could change a little bit, but I'm not predicting that that will change dramatically as a result of this focus on licenses. There may be some movement there, but I think it'll be around the margins.

Unidentified Audience Member

Okay, thanks.

Unidentified Audience Member

James, I just had one other sort of clarification on the model. I apologize for maybe over cooking this, but as I understand it renewals are still very much a part of quota and that it's actually on the accelerators whether it's a material difference for license revenue, so presumably as we think about what actually comes off the balance sheet into revenue there shouldn't be any real deterioration in visibility as you move to more license revenue. In other words, you'll still see a consistent level coming off the balance sheet and then the license revenues incremental above and beyond that.

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Yes, I think that's the way you want to think about this. As we focus more on selling licenses then we'll see a different proportion as to what can go on the P&L versus the balance sheet. In the last couple of years, we've had a relatively high proportion of the dollars in accounting terms being cast away from license and being allocated to maintenance because the way the accounting rules work is they're looking for a substantial portion of whatever is sold to the customer to be qualified as maintenance.

What they don't want is people in essence moving dollars from the maintenance bucket to the license bucket so that they then can recognize them immediately in-period. So I think we'll see less of that allocation of the contract dollars into the maintenance bucket. We'll have more of a focus on true license sales and that's what will drive more dollars into the P&L in the period in which the sale has been made.

Unidentified Audience Member

I just had one question. Now that you have sort of stated rate the amount of cash flow of operations that you're using for share repurchases what is the approach you actually bring to doing those share repurchases? Is it going to be more a steady amount quarter by quarter or is more opportunistic? You sort of give us some insight in how you're going to conduct those share repurchases?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, perspective is that we'll take a consistent approach and so, I wouldn't necessarily expect to be putting these sorts of programs entirely on auto-pilot, but also not necessarily in favor of trying to time markets, that is usually a fool's errand, so we'll be looking for nice consistent steady approach.

Unidentified Company Representative

We'll take the last question now.

Unidentified Audience Member

The cash that you're using for share repurchase, it looks like it's going to consume most of the cash flow you generate from domestic operation, I'm curious what you're doing with the balance of the cash that's not being repatriated. Are you providing tax on that so you can move the cash to the U.S. so that it can be used for the benefit of shareholders for share buy-back? Or what happens with the cash (inaudible) acquisition?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Generally, we are not providing tax on that off shore cash. We are just leaving it in place off shore. We do have in place a tax structure that we talked about in an 8-K a couple of years ago that is allowing us overtime to bring back monies from off shore back to this country in a very tax efficient way. So we have some ability to draw some of that cash flow back over into the U.S., but as a regular matter of course as we're earning cash abroad we're not paying the IRS taxes on it immediately.

Unidentified Audience Member

How does that benefit shareholders if the cash is locked up over in Europe? How do you use that cash?

James Beer - *Symantec - Executive Vice President and Chief Financial Officer*

Well, I think in a few different ways, first of all we're very much a global business. We'll look to continue, as Greg was alluding to in one of his slides, to look for opportunities in the fastest growing markets around the world. So, for example, the joint venture that we entered into with Huawei, we invested $150 million dollars into that and the vast majority of that cash came from that off shore pool, so that's just one way in which we're able to access it for the value of shareholders.

Okay. Well, thank you very much indeed. It's my turn now to re-introduce John to wrap things up.

John Thompson - *Symantec - Chairman and CEO*

Thank you, James. Look, I hope that you have a clear sense of what our teams growth plans are for this fiscal year. We're focused on making sure that the core of our business, the franchise components of our company which represent a very large percentage of both the revenue and cash flow can grow at or better than the market rate.

In addition to that, we are shifting investments to higher growth areas that represent growth rates that are in many instances two times or better than the growth rate of our core, with an eye for driving more investments towards them to get the aggregate revenue performance of the Company up to the eight to 12 range.

The Company still has a very, very strong focus on the cash generating component of our business, and we want to make sure there's balance in our go-to-market strategy of protecting our annuity revenue base while we drive new license sales, and we think the things we've done to tweak or modify the compensation model for the sales force do just that. A focus on the cash generating component, it's so important to driving cash flow from operations, as well as a focus on new license sales that sets the stage for future revenue or annuity streams.

We have consistently over the last four or five years returned a very, very large portion of the cash that we generate in this business to you, to share repurchase and we will continue that, but we've got to balance that focus as we move forward with our desire to continue to drive a combination of top-line revenue growth while we expand the operating margins and the EPS performance of the Company.

I think if we execute this plan as we have outlined it this year this company can stand up this time next year and say FY '09 truly did prove to be the turning point for Symantec, and represents a great inflection point for all of our employees and all of our shareholders around the world.

We've got lunch planned. Should I take a question or two, Helyn? Why don't I see if any of you have questions for me, before we break for lunch? If not then let's go to lunch. Thank you very much for being here.