



Financial Overview



James Beer

*Executive Vice President Finance
and Chief Financial Officer*





Agenda

- ▶ June Quarter Guidance
- ▶ Enterprise Revenue Model
- ▶ FY-07 Guidance
- ▶ FY-07 Review
- ▶ Cash Flow Update
- ▶ New Business Segments
- ▶ Summary



June Quarter Guidance

- ▶ No change to June quarter guidance
- ▶ June 2006 guidance
 - GAAP revenue forecast of \$1.20 to \$1.23 billion
 - GAAP EPS forecast of 5¢ to 7¢
 - Non-GAAP revenue forecast of \$1.22 to \$1.25 billion
 - Non-GAAP EPS forecast of 20¢ to 21¢

See reconciliation of GAAP to non-GAAP forecast in appendix.



Enterprise Revenue Model

- ▶ The integration of our ERP systems will provide the catalyst for the merging of our buying programs
- ▶ Our revised buying program structure will:
 - Provide customers with increased flexibility in terms of how they do business with Symantec
 - Simplify the sales process for Symantec, our customers and partners
 - Improve the buying experience and customer satisfaction
- ▶ We expect the integration to be implemented during the December 2006 quarter



Enterprise Revenue Model (continued)

- ▶ We are expecting a total of \$100 million of enterprise revenue to shift from recognized revenue to deferred revenue
- ▶ This accounting change will not impact our planned operating expenses, however, direct expenses (COGS) associated with enterprise revenue will be deferred in line with revenue generation
- ▶ EPS is projected to be impacted by approximately 5¢
- ▶ There is no impact to cash flow from operations for FY-07
- ▶ Given the timing of the implementation, the change to guidance will impact the fiscal 3rd and 4th quarters of 2007



New FY-07 Guidance

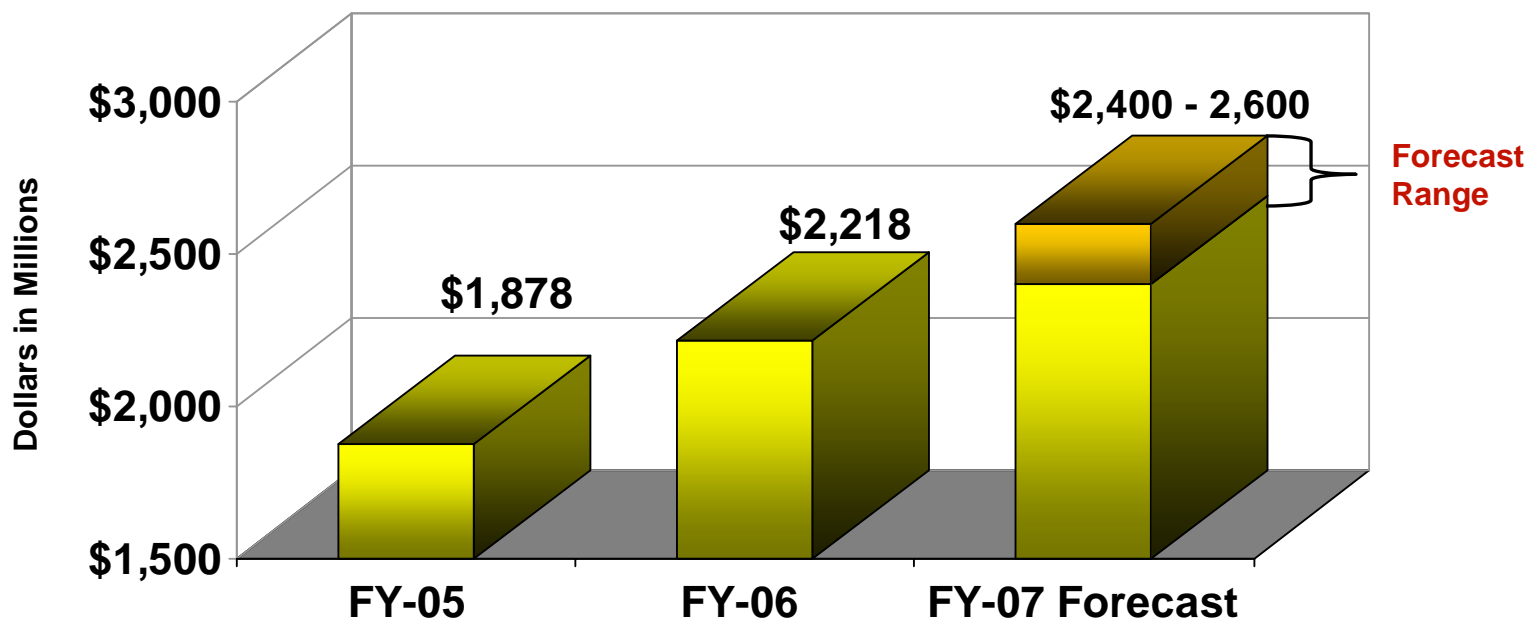
- ▶ FY-07 guidance is being adjusted for the enterprise revenue model change
- ▶ Fiscal year 2007 guidance
 - GAAP revenue forecast of \$5.1 to \$5.3 billion
 - GAAP EPS forecast of 41¢ to 52¢
 - Non-GAAP revenue forecast of \$5.2 to \$5.4 billion
 - Non-GAAP EPS forecast of \$1.00 to \$1.10

See reconciliation of GAAP to non-GAAP forecast in appendix.



Strong Non-GAAP Deferred Revenue Growth

- ▶ FY-07 growth is driven by new bookings and the enterprise model change

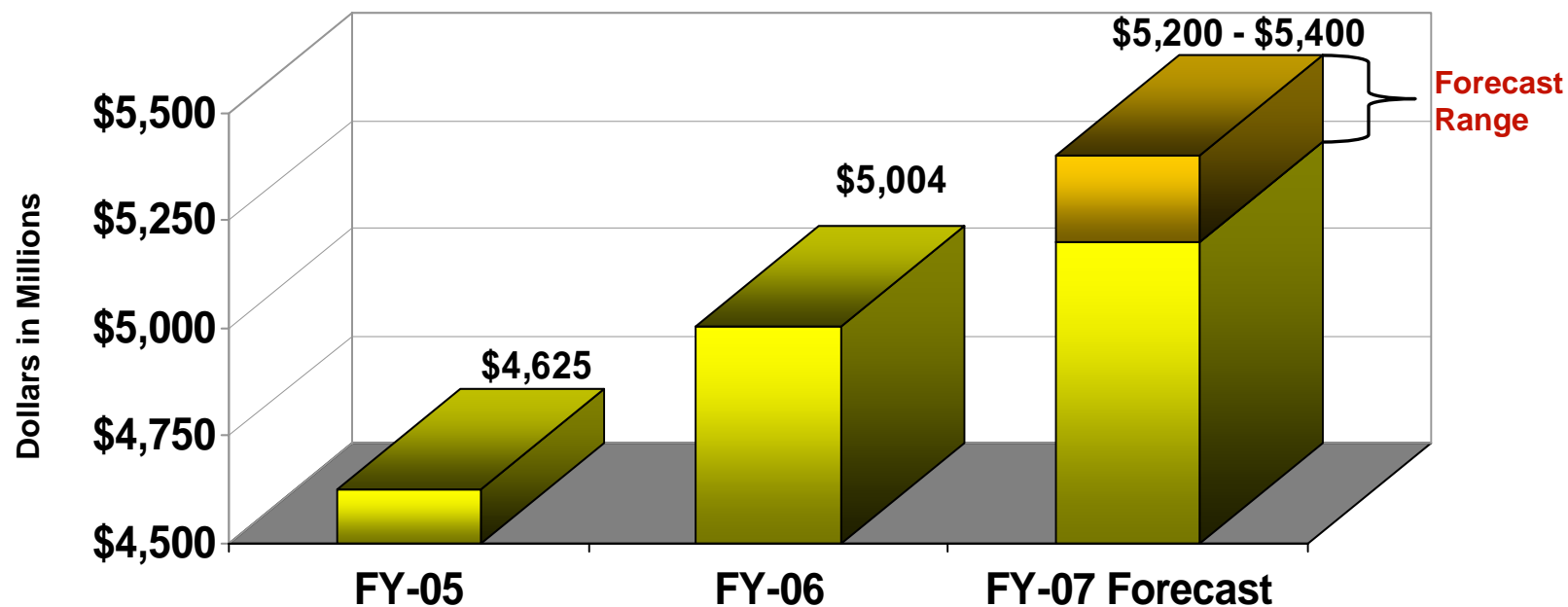


See reconciliation in appendix.



FY-07 Review: Non-GAAP Revenue

- ▶ 4 – 8% expected growth in FY-07 vs FY-06 takes into account the change to our enterprise revenue model

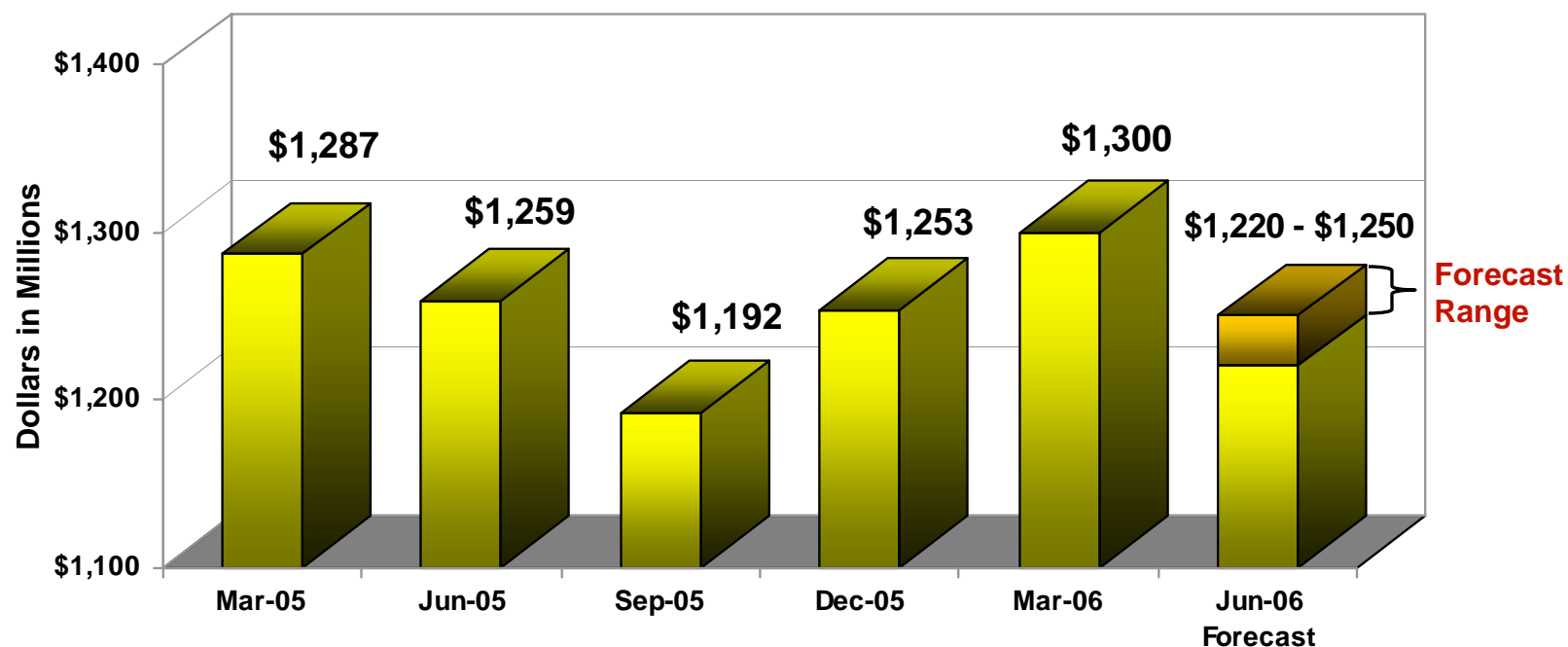


See reconciliation in appendix.



Non-GAAP Revenue by Quarter

- ▶ We expect the second half of the fiscal year to be stronger than the first half, as is normal

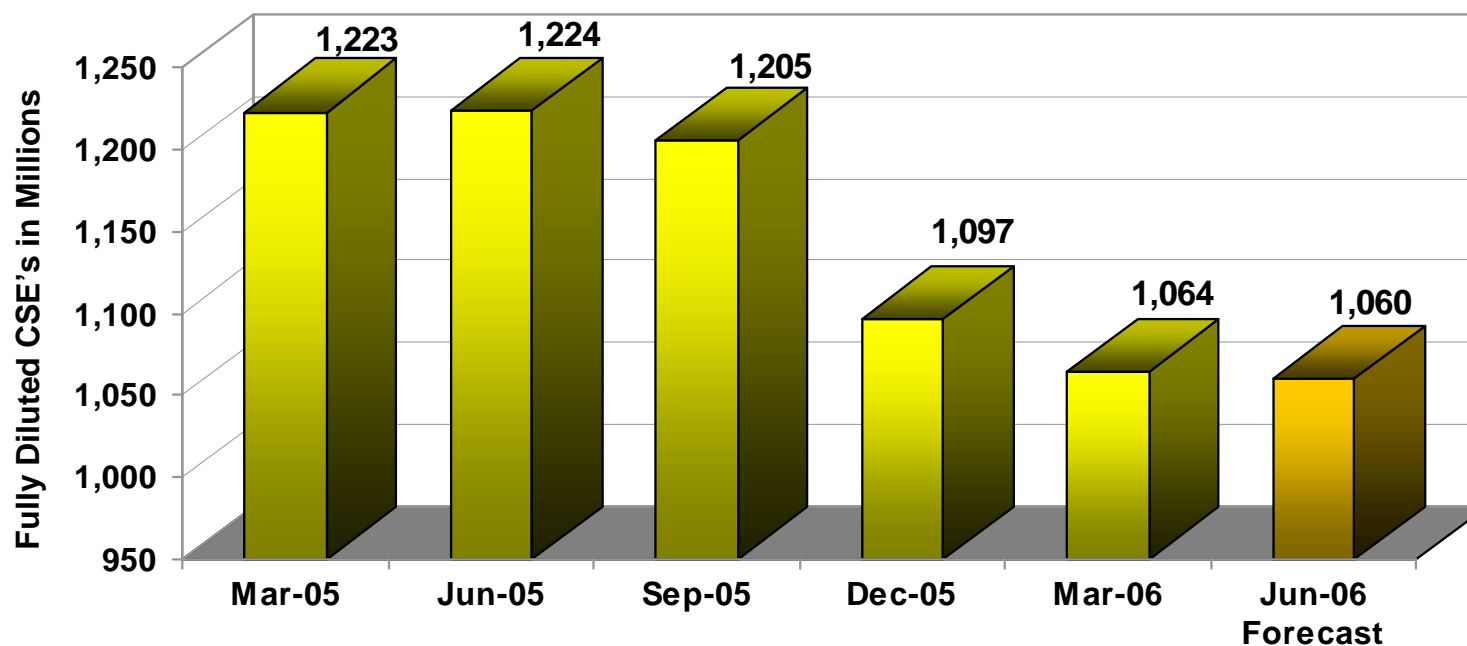


See reconciliation in appendix.



Non-GAAP Common Stock Equivalents

- ▶ Significant progress has been achieved in reducing our share count, driven by a substantial repurchasing program
- ▶ FY-07 CSE forecast is expected to be 1.05 billion

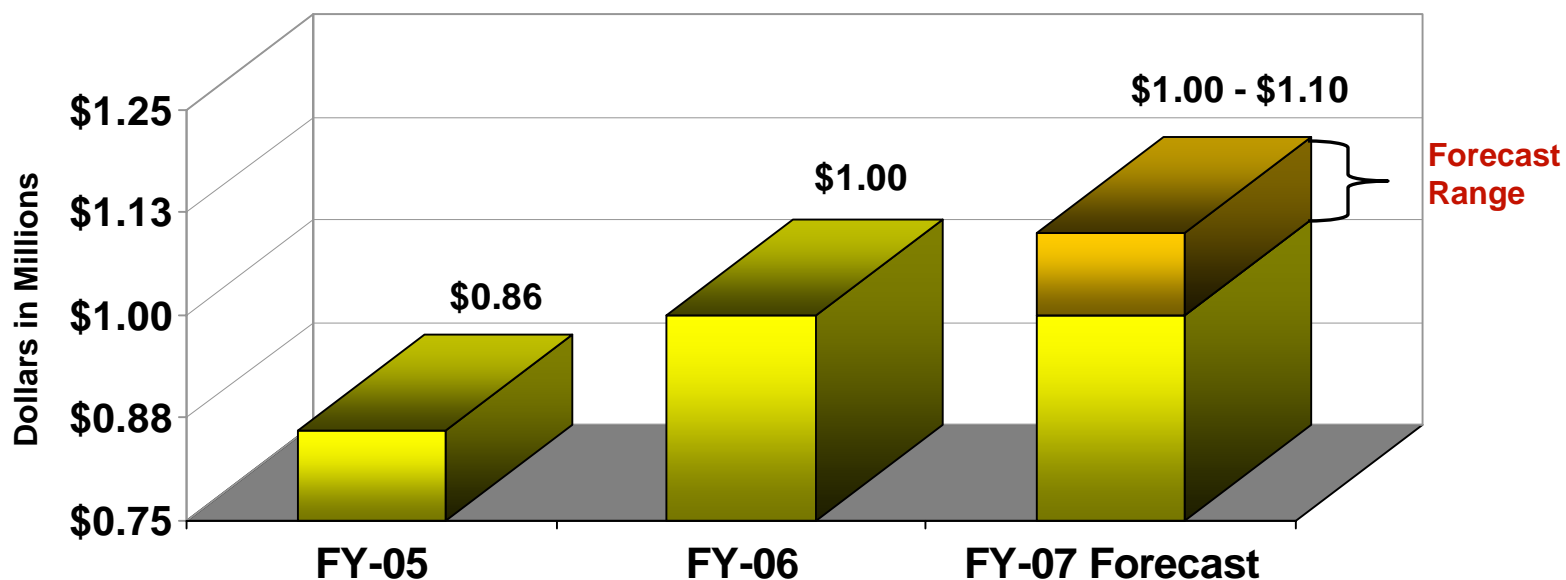


See reconciliation in appendix.



Non-GAAP Earnings Per Share

- ▶ Flat to 10% expected growth in FY-07 vs FY-06 takes into account our execution of the current \$1 billion buy back program

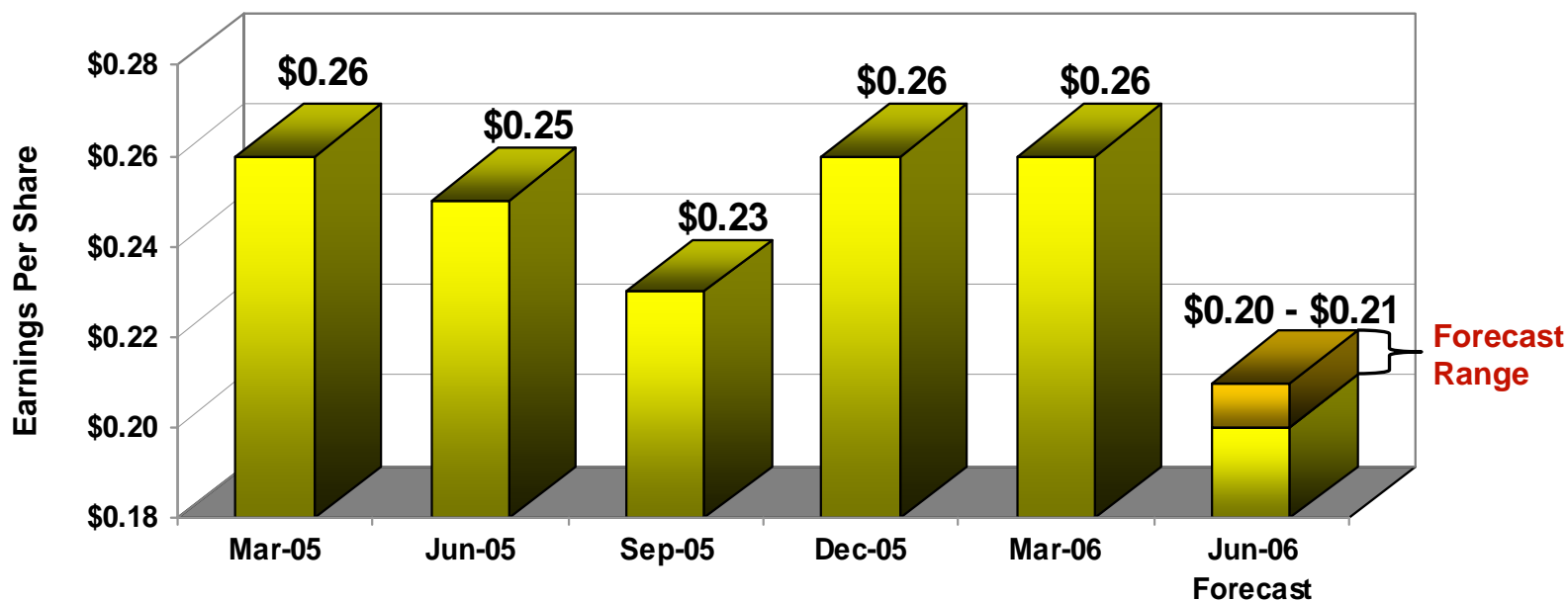


See reconciliation in appendix.



Non-GAAP Earnings Per Share by Quarter

- ▶ As with revenue, we expect EPS to be stronger in the second half of the fiscal year



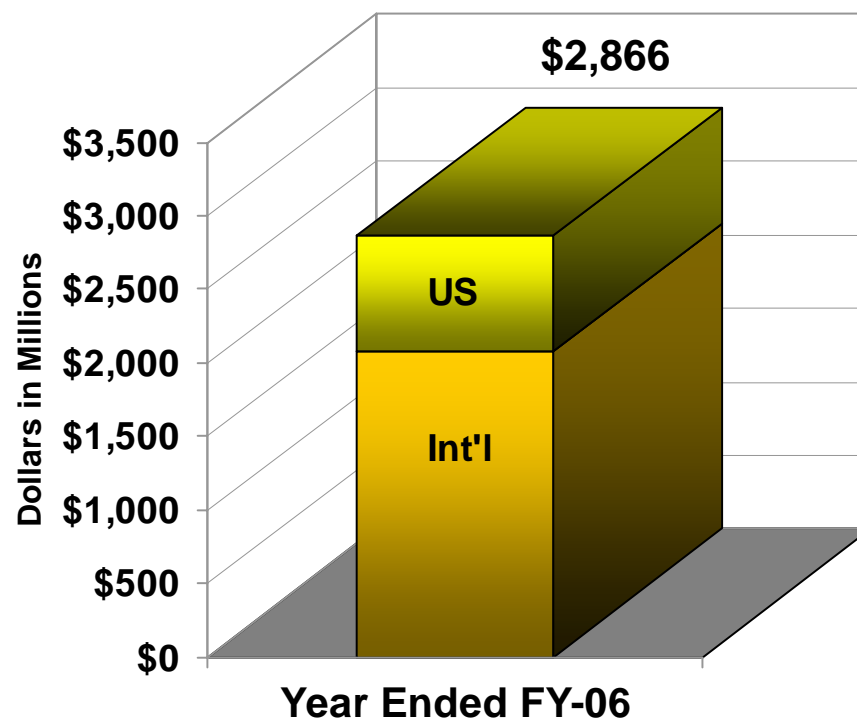
See reconciliation in appendix.



Cash Flow Update: FY-06

► Sources/Uses of Cash for FY-06:

- Generated \$1.6 billion of pro forma* cash flow from operations
- Generated \$482 million cash flow from operations in 4Q06
- Purchased \$3.6 billion of shares
- Acquired six companies for \$625 million



*Pro forma includes Veritas' June quarter 2005 cash flow from operations of \$106 million.



Cash Flow Update: FY-07

- ▶ Sources/Uses of Cash for FY-07:
 - We expect cash flow from operations to be \$1.5 – 1.7 billion
 - Executing \$1 billion repurchase program
 - Repay \$520 million of convertible debt
 - Focus on integrating acquisitions to maximize return
 - Continue to evaluate opportunities for “tuck-in” acquisitions
 - Analyzing capital structure
 - Internal restructuring improves U.S. cash balance
 - Based on seasonality, we expect the December and March quarters to be our largest cash generation periods



New Business Segments

- ▶ In FY-06, we were organized around five business segments:
 - Consumer
 - Enterprise Security
 - Data Protection
 - Storage and Server Management
 - Services
- ▶ We have reorganized our business units into four segments for FY-07:
 - Consumer
 - Security and Data Management
 - Data Center Management
 - Services



Business Segments Changes

- ▶ Four primary changes occurred
 - The Data Protection and Enterprise Security segments merged into the Security and Data Management segment
 - NetBackup moved from Data Protection to Data Center Management
 - Enterprise administration products moved from Storage and Server Management to Security and Data Management
 - Consumer backup products moved from Storage and Server Management to Consumer

- ▶ A detailed view of products by business segment and a historical view of the revenue generated in FY-05 and FY-06 by the new business units is provided in the appendix.



Summary of Focus Areas

- ▶ Investing in areas such as compliance, end point security, message management, data center management, consumer and services
- ▶ Working to maintain our technology leadership with the introduction of a robust pipeline of new products and services
- ▶ Building brand awareness and launching enterprise and consumer sales and marketing initiatives to support our product portfolio
- ▶ Integrating back-end ERP systems while continuing to invest in IT infrastructure
- ▶ Consolidating the real estate portfolio that resulted from Veritas and other acquisitions
- ▶ Reducing manufacturing costs
- ▶ Focusing on the infrastructure to be able to effectively handle future growth



Summary of Investment Attributes

- ▶ Diversified set of differentiated products and services
- ▶ Leading brand and functionality in the consumer market
- ▶ Strong market leadership positions across the top spending areas for CIOs
- ▶ R&D initiatives and recent acquisitions driving growth in FY-07 and beyond
- ▶ Geographically diverse revenue base
- ▶ Significant global expansion opportunities
- ▶ Financial strength
 - Substantial cash flow from operations
 - Strong deferred revenue growth
 - Balance sheet strength and financial flexibility



Thank You



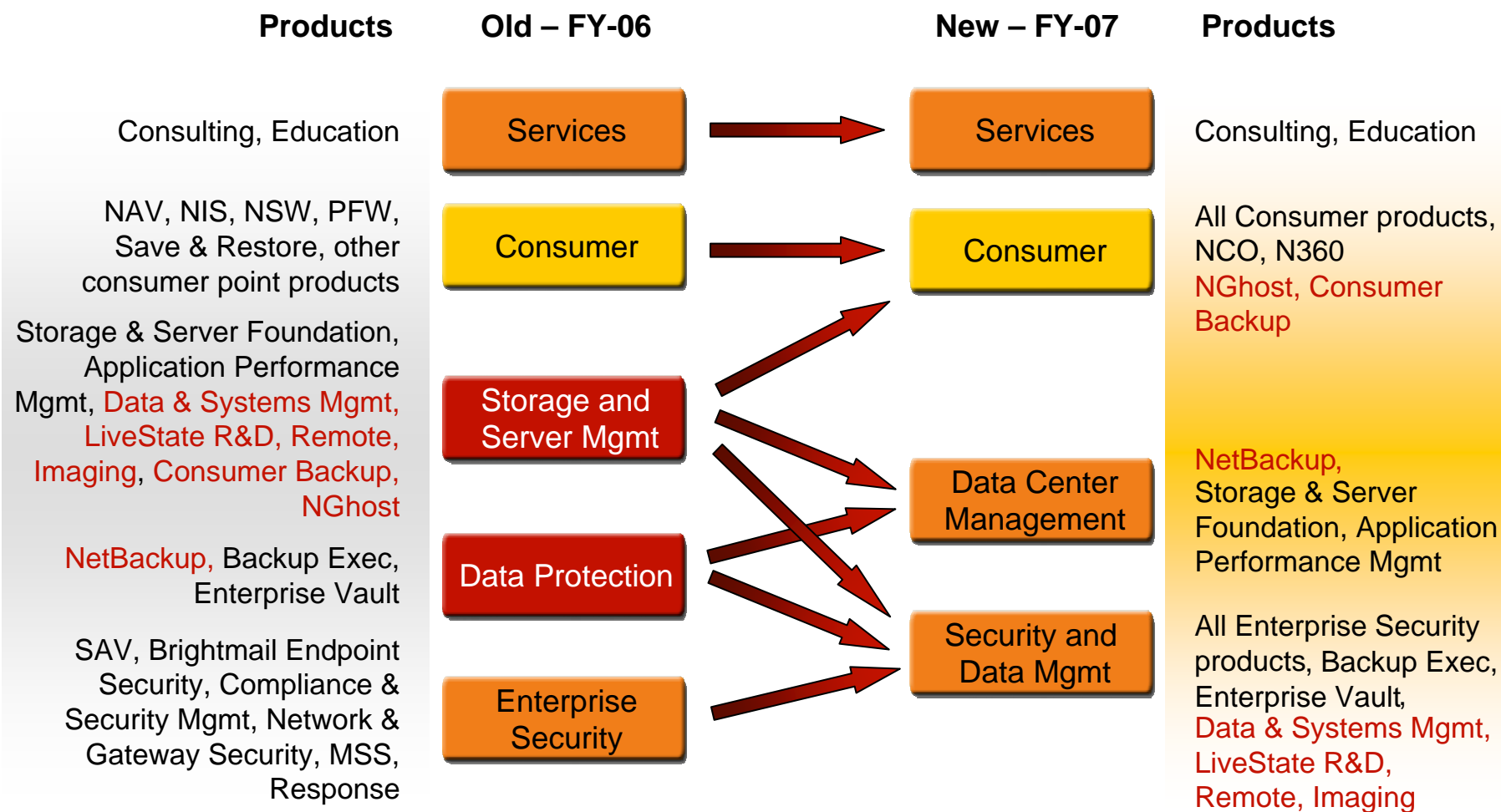


Appendix





Segment Mapping





Product Detail by New Business Segment

New – FY07

Consumer

Security and
Data Mgmt

Data Center
Management

Services

Products

Antivirus,
Internet Security,
SystemWorks,
Personal Firewall,
Save & Restore,
Transaction Security-
NCO,
Genesis-N360,
NGhost,
Consumer Backup,
other consumer
point products

Backup Exec,
Enterprise Vault,
Data & Systems Mgmt,
LiveState
Recovery & Delivery,
Remote,
Imaging,
Antivirus,
Brightmail,
Enterprise Message
Mgmt, Endpoint
Security, Compliance &
Security Mgmt,
Network & Gateway
Security, Managed
Security Services,
Response
other enterprise
security and
data mgmt products

NetBackup,
Storage Foundation
products,
Server Foundation
products,
Application
Performance Mgmt

Consulting,
Education



Non-GAAP Revenue by New Business Segments - Actuals

(\$ in millions)	Jun-05Q Actual	Sep-05Q Actual	Dec-05Q Actual	Mar-06Q Actual	FY-06 Actual
Consumer	361.883	351.029	329.002	367.565	1,409.479
Security and Data Management	502.063	481.019	507.170	515.740	2,005.992
Data Center Management	351.254	316.765	371.481	368.741	1,408.241
Services	43.805	43.708	45.037	47.944	180.494
Other	0.195	(0.377)	0.537	(0.123)	0.232
Total Revenue	1,259.200	1,192.144	1,253.227	1,299.867	5,004.438

(\$ in millions)	Jun-04Q Actual	Sep-04Q Actual	Dec-04Q Actual	Mar-05Q Actual	FY-05 Actual
Consumer	282.865	321.075	371.405	367.617	1,342.962
Security and Data Management	424.612	444.871	454.814	499.418	1,823.715
Data Center Management	300.334	305.676	332.782	378.790	1,317.582
Services	30.041	31.089	32.698	41.282	135.110
Other	4.529	0.636	0.183	0.006	5.354
Total Revenue	1,042.381	1,103.347	1,191.882	1,287.113	4,624.723



Reconciliation of Business Segments: FY-05

(\$ in millions)	June-04Q	Sep-04Q	Dec-04Q	Mar-05Q	FY-05
Cosnumner GAAP Revenue	282,865	321,075	371,405	367,617	1,342,962
Consumer Non-GAAP Revenue	282,865	321,075	371,405	367,617	1,342,962
Security and Data Management GAAP Revenue	311,117	312,925	307,395	317,946	1,249,383
Veritas Revenue	113,495	131,946	147,419	181,472	574,332
Security and Data Management Non-GAAP Revenue	424,612	444,871	454,814	499,418	1,823,715
Data Center Management GAAP Revenue	(42,469)	(21,132)	8,150	16,096	(39,355)
Veritas Revenue	342,803	326,808	324,632	362,694	1,356,937
Data Center Management Non-GAAP Revenue	300,334	305,676	332,782	378,790	1,317,582
Services GAAP Revenue	5,250	5,277	8,228	11,093	29,848
Veritas Revenue	24,791	25,812	24,470	30,189	105,262
Services Non-GAAP Revenue	30,041	31,089	32,698	41,282	135,110
Other GAAP Revenue	(129)	168	46	(74)	11
Veritas Revenue	4,658	468	137	80	5,343
Other Non-GAAP Revenue	4,529	636	183	6	5,354
Total GAAP Revenue	556,634	618,313	695,224	712,678	2,582,849
Veritas Revenue	485,747	485,034	496,658	574,435	2,041,874
Total Non-GAAP Revenue	1,042,381	1,103,347	1,191,882	1,287,113	4,624,723



Reconciliation of Business Segments: FY-06

(\$ in millions)	June-05Q	Sep-05Q	Dec-05Q	Mar-06Q	FY-06
Cosnumner GAAP Revenue	361,883	351,029	329,002	367,565	1,409,479
Consumer Non-GAAP Revenue	361,883	351,029	329,002	367,565	1,409,479
Security and Data Management GAAP Revenue	336,959	436,896	471,569	497,316	1,742,740
Veritas Revenue	165,104	-	-	-	165,104
Fair value adjustment to Veritas Deferred Revenue	-	44,123	35,601	18,424	98,148
Security and Data Management Non-GAAP Revenue	502,063	481,019	507,170	515,740	2,005,992
Data Center Management GAAP Revenue	(8,743)	228,050	306,038	329,602	854,947
Veritas Revenue	359,997	-	-	-	359,997
Fair value adjustment to Veritas Deferred Revenue	-	88,715	65,443	39,139	193,297
Data Center Management Non-GAAP Revenue	351,254	316,765	371,481	368,741	1,408,241
Services GAAP Revenue	9,696	40,408	42,328	44,193	136,625
Veritas Revenue	34,109	-	-	-	34,109
Fair value adjustment to Veritas Deferred Revenue	-	3,300	2,709	3,751	9,760
Services Non-GAAP Revenue	43,805	43,708	45,037	47,944	180,494
Other GAAP Revenue	147	(519)	89	(116)	(399)
Veritas Revenue	48	-	-	-	48
Fair value adjustment to Veritas Deferred Revenue	-	142	448	(7)	583
Other Non-GAAP Revenue	195	(377)	537	(123)	232
Total GAAP Revenue	699,942	1,055,864	1,149,026	1,238,560	4,143,392
Veritas Revenue	559,258	-	-	-	559,258
Fair value adjustment to Veritas Deferred Revenue	-	136,280	104,201	61,307	301,788
Total Non-GAAP Revenue	1,259,200	1,192,144	1,253,227	1,299,867	5,004,438



Reconciliation of GAAP to Non-GAAP: Actuals

(\$ in millions)	Quarter								Fiscal Year	
	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	FY-05	FY-06
GAAP revenue	556.6	618.3	695.2	712.7	699.9	1,055.9	1,149.0	1,238.6	2,582.8	4,143.4
Veritas revenue	485.7	485.0	496.7	574.4	559.3	-	-	-	2,041.9	559.3
Fair value adjustment to Veritas deferred revenue	-	-	-	-	-	136.3	104.2	61.3	-	301.8
Non-GAAP revenue	1,042.4	1,103.3	1,191.9	1,287.1	1,259.2	1,192.1	1,253.2	1,299.9	4,624.7	5,004.4
GAAP gross margin	456.4	509.1	573.7	591.5	583.1	742.4	880.5	955.4	2,130.7	3,161.5
Veritas gross margin	291.5	336.2	349.6	419.0	398.7	-	-	-	1,396.4	398.7
Fair value adjustment to Veritas deferred revenue	-	-	-	-	-	136.3	104.2	61.3	-	301.8
Integration planning	-	-	-	-	1.1	-	-	-	-	1.1
Amortization of acquired product rights	129.3	85.4	85.5	83.3	83.2	129.5	85.0	88.8	383.4	386.4
Amortization of deferred stock-based compensation	0.9	0.9	0.9	0.9	0.9	-	-	-	3.6	0.9
Non-GAAP gross margin	878.1	931.6	1,009.7	1,094.7	1,067.0	1,008.2	1,069.8	1,105.5	3,914.1	4,250.5
GAAP operating expenses	289.1	317.0	345.7	359.7	350.8	1,000.8	760.9	775.1	1,311.5	2,887.6
Veritas operating expenses	317.5	331.5	330.5	358.6	400.2	-	-	-	1,338.1	400.2
Amortization of other intangible assets	(47.7)	(47.9)	(48.4)	(48.5)	(48.5)	(48.3)	(48.4)	(50.3)	(192.5)	(195.6)
Amortization of deferred stock-based compensation	(4.7)	(5.4)	(5.8)	(7.6)	(7.5)	(13.4)	(12.3)	(9.5)	(23.5)	(42.7)
Acquired in-process research and development	(2.3)	-	(1.2)	-	-	(284.0)	-	(1.1)	(3.5)	(285.1)
Restructuring	(0.9)	(1.9)	9.6	-	(3.5)	(1.5)	(15.6)	(4.4)	6.9	(24.9)
Integration planning	-	-	-	(3.5)	(18.5)	(5.3)	(2.2)	(0.6)	(3.5)	(26.5)
Patent settlement	-	-	-	(0.4)	(2.2)	-	-	-	(0.4)	(2.2)
Proposed SEC legal settlement	-	-	-	-	(30.0)	-	-	-	-	(30.0)
Executive incentive bonuses	-	-	-	-	-	(3.1)	(2.2)	(5.2)	-	(10.5)
Non-GAAP operating expenses	551.1	593.3	630.5	658.3	640.8	645.3	680.2	703.9	2,433.2	2,670.2
GAAP net income	117.3	135.6	163.6	119.7	198.6	(251.3)	90.7	118.8	536.2	156.9
Gross margin adjustment	421.7	422.5	436.0	503.2	483.9	265.8	189.2	150.1	1,783.4	1,088.9
Operating expenses adjustment	(262.0)	(276.4)	(284.8)	(298.6)	(290.0)	355.5	80.7	71.2	(1,121.7)	217.3
Veritas other income and tax	0.6	(9.3)	(3.2)	(19.3)	(12.1)	-	-	-	(31.2)	(12.1)
Gain on strategic investments	(7.5)	-	-	(2.0)	(0.7)	-	-	-	(9.5)	(0.7)
Income tax benefit (provision)	(42.2)	(37.4)	(42.6)	11.1	(69.1)	(97.1)	(78.3)	(61.3)	(111.1)	(305.8)
Non-GAAP net income (loss)	228.0	235.0	269.0	314.0	310.6	272.8	282.4	278.8	1,045.9	1,144.5
GAAP earnings per share - diluted	\$ 0.16	\$ 0.19	\$ 0.22	\$ 0.16	\$ 0.27	\$ (0.21)	\$ 0.08	\$ 0.11	\$ 0.74	\$ 0.15
Non-GAAP adjustments per share - diluted	\$ 0.03	\$ -	\$ -	\$ 0.10	\$ (0.02)	\$ 0.44	\$ 0.18	\$ 0.15	\$ 0.12	\$ 0.85
Non-GAAP earnings per share - diluted	\$ 0.19	\$ 0.19	\$ 0.22	\$ 0.26	\$ 0.25	\$ 0.23	\$ 0.26	\$ 0.26	\$ 0.86	\$ 1.00
GAAP CSEs - diluted	735.9	726.5	742.4	738.4	737.2	1,172.1	1,096.6	1,064.3	738.2	1,025.9
Converted incremental Veritas shares	500.2	497.3	492.1	484.5	486.9	-	-	-	493.5	121.7
Additional Non-GAAP diluted shares	-	-	-	-	-	32.9	-	-	-	-
Non-GAAP CSEs - diluted	1,236.0	1,223.8	1,234.5	1,222.9	1,224.1	1,205.1	1,096.6	1,064.3	1,231.7	1,147.5
GAAP deferred revenue	1,064.9	1,153.5	1,294.0	1,330.3	1,268.4	1,512.0	1,868.7	2,160.3	1,330.3	2,160.3
Veritas deferred revenue	426.9	422.6	418.2	547.9	519.5	-	-	-	547.9	-
Fair value adjustment to Veritas deferred revenue	-	-	-	-	-	226.3	118.8	57.5	-	57.5
Non-GAAP deferred revenue	1,491.8	1,576.1	1,712.1	1,878.1	1,787.9	1,738.3	1,987.5	2,217.9	1,878.1	2,217.9



Reconciliation of GAAP to Non-GAAP: Guidance

June Quarter 2006 Forecast:

GAAP revenue excludes approximately \$25 million of deferred revenue that was lost through the purchase accounting for the Veritas transaction.

Non-GAAP revenue includes approximately \$25 million of deferred revenue.

Non-GAAP fully diluted earnings per share excludes approximately \$145 million of expenses related to the amortization of acquisition-related intangibles and deferred compensation charges, net of estimated income taxes.

FY-07 Forecast:

GAAP revenue excludes approximately \$55 million in lost deferred revenue from the Veritas merger.

Non-GAAP revenue includes approximately \$55 million in deferred revenue from the Veritas merger.

Non-GAAP fully diluted earnings per share excludes approximately \$555 million in expenses related to the amortization of acquisition-related intangibles and stock-based compensation charges, net of estimated income taxes.



Symantec 2006 Analyst Day



May 31, 2006

