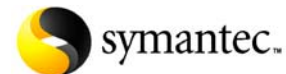


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**Helyn Corcos, Vice President Investor Relations**

Good afternoon and thank you for joining us. With me today are John Thompson, Chairman of the Board, and Chief Executive Officer of Symantec and James Beer, Executive Vice President and Chief Financial Officer.

In a moment, I will turn the call over to John. He will provide some comments on our fiscal third 2007 quarter results, which ended December 29, 2006. He will then turn it over to James who will provide some additional financial details. This will be followed by a question and answer session.

Today's call is being recorded and will be available for replay on Symantec's investor relations home page at [www.symantec.com/invest](http://www.symantec.com/invest). A copy of today's press release is available on our website and a copy of today's prepared comments will be available on the investor relations website shortly after the call is completed.

Before we begin, I would like to remind everyone that some of the information discussed on this call, including our projections regarding revenue and operating results for the coming quarter and fiscal year, and projections of deferred revenue, cash flow from operations, amortization of acquisition-related intangibles and stock-based compensation, contain forward-looking statements. These statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in the statements, and include the risks associated with our expected adoption of Staff Accounting Bulletin 108 in the fourth quarter of fiscal year 2007. Additional information concerning these risks and uncertainties can be found in the company's most recent periodic reports filed with the U.S. Securities and Exchange Commission. Symantec assumes no obligation to update any forward-looking statements.

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Symantec reports non-GAAP financial results. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP results, which can be found in the press release.

And now, I would like to introduce our CEO, Mr. John Thompson.

**John W. Thompson, Chairman and CEO**

Thanks Helyn.

As we discussed last week, our December quarter results were weaker than we expected driven by a number of factors. First, in our data center management business we saw a higher than expected number of multi-year maintenance contracts, which resulted in lower recognized revenue. Correspondingly, we saw much higher deferred revenue for the quarter which will bode well for us over the next year or more. Next, a number of our largest transaction carried unique terms and conditions or important services or new product content, both of which resulted in less period revenue. And, finally, we incurred higher than expected costs, primarily associated with the negative impact of foreign currency and business process changes implemented during our systems consolidation.

Typically, December is a high renewal period for our Data Center Management Group. This past quarter was no exception. Our analysis of the record number of multi-million dollar transactions booked during the quarter revealed a much higher proportion of deals that ended up in deferred

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revenue. Additionally, lower than expected new license sales or some transactions with unique terms and conditions resulted in lower period revenue. An example of this might be a transaction for new licenses, coupled with a multi-year maintenance renewal where we chose to offer installment payment terms as an alternative to deeper discounting of the important annuity revenue stream associated with the renewal or maintenance. We think this is a natural maturation phenomena in some of our business segments.

Therefore, we have recalibrated our financial model to account for a lower revenue yield per transaction as well as for lower growth rate assumptions for some of the more mature markets we address. It is conceivable that it will take two or three more quarters for the effects of this to flow through our P&L.

Now, I'll move to the expense side of the equation. Overall, we consider the business process changes implemented with the systems consolidation important to scaling our business and lowering our costs over time. Systems changes such as these certainly don't come without issues. And, we may have had more than our fair share of them with this set of changes where we incurred higher expenses than planned and lost some revenue opportunities during the quarter.

There were several areas where we had to absorb additional labor and administrative costs. For example, we had to duplicate processing of some documents in order to complete transactions or records, as well as manually manage the SKU process for some of our partners around the globe. In addition, our enterprise support costs increased as we fielded many more calls with longer than normal hold times.

Administrative challenges in our services business contributed to some lost revenue as we were not able to obtain the required data to support revenue for the period. Process problems affected the quality of the data which hampered our ability to recognize the revenue.

We believe the major technical and process issues are now behind us.

With the disappointing quarter behind us, we are moving to better align our expenses with our new revenue expectations. As such, we plan to implement several expense reduction initiatives, which James will explain in more detail in a minute. We believe these actions will result in annualized cost savings of approximately \$200 million.

Also, today, we announced that the board of directors has authorized another \$1 billion share repurchase program. Over the past 8 quarters, we have repurchased nearly \$6 billion worth of our shares. As you can see, we remain committed to using our cash to drive growth and long-term value for our shareholders.

With that, I'd like to shift the discussion to some of the important highlights of the December quarter.

During the December quarter, we booked a record 389 transactions valued at more than \$300,000. In addition, we booked a record 112 deals worth more than \$1 million, a 22 percent increase over the December 2005 period. In addition, nearly 80 percent of transactions over \$300,000 included multiple products or services.

If anything, this suggest our sales force consolidation is clearly behind us and the teams are starting to build stronger relationships with our customers around the world.

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In the December quarter our Security and Data Management Group posted its biggest revenue quarter ever, growing 3 percent year-over-year and over 7 percent sequentially.

Our endpoint security solutions, which include our enterprise antivirus and endpoint compliance products, posted record revenue for the quarter and grew modestly year-over-year. Our policy compliance solutions, which help customers manage in a rapidly changing governance and compliance environment, continue to receive strong market acceptance. These products posted strong double-digit year-over-year gains and continue to be a key to the growth of our services business.

The consumer business grew 24 percent year-over-year and was the bright spot of the December quarter. Normalized for the ratable model change last year, this segment grew 19 percent year-over-year. Growth in this segment continues to be driven by our electronic distribution channels, new sales and marketing initiatives, as well as new product launches.

With Microsoft's entry into the consumer security market, our objectives were to "out innovate" them and improve the quality of every customer interaction with Symantec.

On the innovation front, the fruits of this effort are reflected in the numerous accolades that our 2007 versions of both NIS and NAV continue to receive around the globe. We continue to leverage our many years of security expertise to distance ourselves from both new and old competitors.

We also continue to receive positive feedback on Norton Confidential, a new category defining product for consumer transaction security, and the beta version of Norton 360 as well. Norton 360 is expected to launch by the end of March and we already have Vista compatible products available.

On the business model side, we offered an attractively priced multi-year subscription to our customers with the expectation of ensuring their loyalty in the face of new competition. Based on changes in the competitive arena, including OneCare being a non-factor in the market, it became clear that we no longer needed to offer such an attractive price for multi-year subscriptions. While we expect multi-year subscriptions to continue to be an element of our consumer business, the auto-renewal implementation should be a significant factor in the loyalty equation.

Additionally, our consumer business model now allows us to deliver unique and innovative technology enhancements to our customers at any point in the year, regardless of product cycles. Current subscribers to both Norton Internet Security and Norton Antivirus are eligible to receive a new technology we call SONAR, which leverages technology from our acquisition of WholeSecurity. Unlike other heuristic technologies, SONAR delivers an unprecedented level of zero-day detection that automatically makes a determination of a threat and takes action without prompting the user to make a decision.

With several new Norton branded products hitting the marketplace this quarter, we have plans for several exciting promotions. These promotions are focused on strengthening our position in the marketplace and driving awareness for Norton Confidential, Norton360 and our Vista compatible solutions.

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Turning to our services business – we continue to see strong traction in the services business particularly when coupled with new license sales and with sales of our newer technologies. As I mentioned earlier, the actual performance of this group was better than the reported numbers suggest.

Late in the December quarter we acquired a UK-based professional services firm called Company-i. Company-i expands the capability our consulting services group to help clients manage IT risk and cost, particularly in the data center. We believe this addition will help us to develop even stronger relationships with our customers as they focus on important cost and compliance initiatives over the next few years.

So, while we're certainly not satisfied with our December quarter results, we have many of the foundational elements in place to produce a more predictably consistent business. And, that is the overriding focus of our team as we move ahead.

Now, I'll turn the call over to James for a detailed review of our financials.

**James Beer, Executive Vice President and CFO**

Thank you John and good afternoon everyone.

GAAP revenue for our December 2006 quarter was \$1.313 billion. Non-GAAP revenue grew approximately 6 percent versus the December 2005 period to \$1.324 billion.

Foreign currency movements positively impacted non-GAAP revenue by almost \$45 million in the December 2006 quarter as compared to December 2005. Sequentially, foreign currency movements had approximately a \$7 million positive impact on revenue.

The December quarter's diluted GAAP earnings per share was \$0.12. Non-GAAP diluted earnings per share for the quarter was \$0.26.

International non-GAAP revenue for the December quarter grew 7 percent versus the year ago period to approximately \$665 million and represented 50 percent of total non-GAAP revenue. The Americas grew 5 percent, Asia Pacific, including Japan grew 11 percent, and the Europe/Middle East/Africa region grew 5 percent. The EMEA region increased 7 percent from the September quarter. Excluding currency effects, EMEA revenue declined by 4 percent year-over-year.

Now, I'd like to move on to revenue by segment for the December 2006 quarter.

Consumer revenue came in at \$409 million up 24 percent versus the December 2005 quarter and up almost 4 percent sequentially. After normalizing the consumer business for the change in the business model, whereby we now recognize revenue ratably, consumer growth was 19 percent year-over-year.

Electronic distribution represented nearly 70 percent of consumer revenue and grew 35 percent compared to December 2005 driven primarily by strong activity from our online store, subscription renewals and upgrades. From a product perspective, Norton Internet Security revenue grew nearly 60 percent year-over-year and 10 percent sequentially and now represents approximately 60 percent of total consumer revenue.

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Moving on to our enterprise segments, our Security and Data Management revenue of \$519 million grew by 3 percent over the December 2005 quarter.

The Data Center Management business generated revenue of \$343 million, declining 8 percent from the December 2005 results.

Our Services group generated revenue of approximately \$53 million, and represented approximately 4 percent of our total revenue. As we mentioned last week, the services business was negatively impacted by one-time administrative challenges as a result of the business process changes that occurred during the December quarter.

Non-GAAP gross margin was 82.9 percent for the December 2006 quarter. Gross margin was lower than expected in part because our recognized revenue was lower than forecast, thus increasing the relative impact of the fixed costs embedded within our cost of goods sold line. We also incurred higher enterprise technical support expenses as we added resources to address the business process changes associated with the conversion of our ERP systems. In the future, I expect that gross margins will be impacted by increases in OEM royalties in the consumer business and the expansion of our services activities.

Non-GAAP operating expenses were \$759 million for the December 2006 quarter, consistent with our full year operating expense guidance of \$3.0 billion. Foreign currency negatively impacted operating expenses by approximately \$20 million as compared to December 2005. As with the gross margin line, our operating margin was also impacted by expenses incurred to support our ERP systems conversion. While the majority of these costs are behind us, we will be spending a modest amount of incremental money during the March quarter to remediate the handful of issues that remain. Of course, these efforts will also consume a portion of our IT resources as we work to optimize the capabilities of our new systems and processes.

As mentioned last week, we are taking several actions to manage our expenses consistent with our expectations for revenue. We have effectively frozen new hiring although we are not applying this measure to our research and development groups based in India and China. Our plan to expand these operations remains in place as we look to broaden our access to engineering talent on a worldwide basis.

We will also reduce our current employee cost base by 5 percent with an emphasis on minimizing the impact felt by our core engineering and customer facing teams.

We will also lower our spending on contractors, consultants and travel related expenses, as well as continue our facilities consolidation activities around the world.

The savings goals of our business process re-engineering teams and our ongoing continuous cost improvement initiatives will also contribute to the attainment of our annual savings target of \$200 million. Only a modest amount of these savings are expected to impact the results of our March quarter. In fact, we expect operating expenses to increase sequentially as we incur new calendar year driven costs such as certain payroll taxes and 401K matching contributions.

GAAP net income was \$114 million for the December 2006 quarter. Non-GAAP net income equaled \$248 million.

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Symantec exited December with a cash and short-term investments balance of almost \$3.0 billion.

Earlier this month, we completed our previously announced plans to repurchase \$2.5 billion worth of our shares. In summary, we purchased a total of 142 million shares at an average share price of \$17.59.

As John mentioned, today we also announced a new authorization to repurchase up to \$1 billion worth of our shares.

Our net accounts receivable balance at the end of the December 2006 quarter was \$743 million. Days-sales-outstanding, or DSO, was 51 days, in line with normal seasonal trends for the business.

Cash flow from operating activities for the quarter is expected to be between \$430 and \$440 million. This is lower than cash flow from operations of \$521 million in the December 2005 quarter primarily due to a one-time tax refund received in the December 2005 quarter related to a prior year Veritas tax return.

GAAP deferred revenue at the end of the December 2006 quarter was \$2.46 billion. Non-GAAP deferred revenue at the end of the quarter reached a record \$2.49 billion and grew \$500 million or almost 25 percent as compared to the December 2005 quarter, and grew \$238 million versus September 2006. Foreign currency had a positive impact of approximately \$36 million from the September deferred revenue balance.

We expect about 61 percent or approximately \$770 million of our March quarter revenue to come from the balance sheet.

Now, I'd like to spend a few minutes discussing our guidance.

In summary, we are reaffirming the guidance we provided on Tuesday, January 16th. Given the current business environment and an exchange rate of \$1.27 per EURO, our forecast for the March quarter and FY07 are as follows.

GAAP March revenue is estimated between \$1.24 and \$1.27 billion. Non-GAAP revenue is estimated between \$1.25 and \$1.28 billion.

GAAP earnings per share are forecasted between \$0.04 and \$0.06. Non-GAAP earnings per share are estimated between \$0.18 and \$0.20. We expect fully diluted common stock equivalents to be 965 million shares.

As I mentioned earlier, the impact of the cost savings initiatives that we outlined today is expected to be modest in the March quarter and has been taken into account in the guidance we are reaffirming today. It is possible, however, that there will be a restructuring charge related to the cost savings efforts that could affect GAAP earnings for the March quarter.

For the full year, we are continuing to forecast GAAP revenue of between \$5.08 and \$5.11 billion. Our non-GAAP revenue guidance is expected to be between \$5.13 and \$5.16 billion.



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We expect GAAP earnings per share to be between \$0.36 and \$0.39. Non-GAAP earnings per share continues to be projected between \$0.92 and \$0.95. We expect fully diluted common stock equivalents for fiscal year 2007 to be 991 million shares.

We are reaffirming non-GAAP deferred revenue for FY07. Specifically, we expect deferred revenue to be in the range of \$2.60 to \$2.65 billion.

Lastly, we expect cash flow from operations to be of the order of \$1.5 billion.

And with that, I'll hand the call back to Helyn.

**Helyn Corcos, Vice President Investor Relations**

Thanks. Operator will you please begin polling for questions.

While the operator is polling for questions, I'd like to announce that Symantec plans to attend the following upcoming conferences:

Thomas Weisel Partners on February 6th

Goldman Sachs on February 28th

And, Morgan Stanley on March 5th

For a complete list of investor related events, please visit our events calendar on the investor relations website. Operator, we are ready for the first question.

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Please direct all questions to investor relations at 408-517-8324.