

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

SYMC - Symantec Corp to Acquire LifeLock M&A Call

EVENT DATE/TIME: NOVEMBER 21, 2016 / 1:30PM GMT

OVERVIEW:

Co. agreed to acquire LifeLock for \$24 per share or \$2.3b in enterprise value, including assumed employee equity.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

CORPORATE PARTICIPANTS

Jonathan Doros *Symantec Corporation - Head of IR*

Greg Clark *Symantec Corporation - CEO*

Nick Noviello *Symantec Corporation - EVP & CFO*

Fran Rosch *Symantec Corporation - GM of Consumer Business*

CONFERENCE CALL PARTICIPANTS

Matt Hedberg *RBC Capital Markets - Analyst*

Shaul Eyal *Oppenheimer & Co. - Analyst*

Keith Weiss *Morgan Stanley - Analyst*

Gabriela Borges *Goldman Sachs - Analyst*

John DiFucci *Jefferies & Co. - Analyst*

Brent Thill *UBS - Analyst*

PRESENTATION

Operator

Good morning. My name is Regina and I will be your conference operator today. At this time, I would like to welcome everyone to the Symantec conference call to discuss the LifeLock acquisition.

(Operator Instructions)

I would now like to turn the conference over to Jonathan Doros. Sir, you may begin.

Jonathan Doros - *Symantec Corporation - Head of IR*

Good morning and thank you for joining our call to discuss Symantec's acquisition of LifeLock. We posted a presentation reviewing the acquisition on our Investor Relations website. The speakers on today's call are Greg Clark, Symantec's CEO; Nick Noviello, Executive Vice President and CFO; and Fran Rosch, GM of our Consumer business.

This is live call that will be with available for replay via webcast at our website. I would like to remind everyone that all references to financial metrics are non-GAAP unless otherwise stated.

Today's call contains forward-looking statements beyond the environment as we currently see it. Those statements are based on current beliefs, assumptions and expectations, speak only as of the current date and as such, involve risks and uncertainties that may cause actual results to differ materially from our current expectations.

Please refer to our cautionary statement in our press release for more information. You will also find a detailed discussion of our risk factors in our filings with the SEC, and in particular, on Form 10-K for the year ended April 1, 2016, and Form 10-Q for the first quarter ended September 30, 2016.

Now I would like to introduce our CEO, Greg Clark. Go ahead, Greg.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Greg Clark - Symantec Corporation - CEO

Thanks, Jonathan. Good morning. I want to begin today's call by talking about how we are transforming Symantec.

With the Blue Coat acquisition, Symantec embarked on a transformation of its enterprise business to build an integrated cyber defense platform. With that platform and the technology we have already brought together between the two companies, we are delighting our customers, generating results, achieving our cost-saving objectives and synergies and are well along the path generating significantly long-term shareholder value.

Symantec is now transforming its consumer business by announcing its agreement to acquire LifeLock, the leader of identity protection services with over 4.4 million highly satisfied members. The purchase consideration is \$24 per share for a total enterprise value of \$2.3 billion, including assumed employee equity. With this acquisition, Symantec accelerates its consumer business' return to growth by offering a digital safety platform to protect information, devices, networks and identity of consumers.

This powerful combination of the leading consumer security and identity protection providers is financially compelling for our shareholders. With this acquisition, we now expect our consumer business will enjoy sustainable organic revenue growth and increased profits. As of September 30, LifeLock's trailing 12-month revenue was \$650 million, representing 16% year-over-year growth.

Like with the Blue Coat acquisition, we have valued this transaction on cost synergies alone, coming from overlaps in infrastructure, and general and administrative costs. There is no product overlap between the Norton and LifeLock consumer businesses.

Now, our outlook does not incorporate revenue synergies. We intend to cross-sell LifeLock and Norton offerings into their prospective customer bases, which we expect will increase ASPs and retention rates in both cohorts over time. Within Symantec, there is significant separation operationally and organizationally between our consumer and enterprise business units which have separate management teams.

We will continue to execute on our current commitments in the enterprise business. We expect profit contribution from the acquisition between FY18 and earnings accretion from the transaction between FY19. I am confident in our ability to generate substantial shareholders value with this acquisition.

Now, I would like to provide some background on Symantec's consumer security business. Symantec consumer security business, Norton, is the leading consumer provider, with over 50 million users protected across Windows, Android, Mac and iOS platforms.

Norton is recognized by multiple third-party tests for award-winning protection and performance. For example, Norton Security won AV-TEST's coveted Best Protection Award 2015 for home users' security. We have more than 63 million attack sensors in over 157 countries and blocked 3 billion attacks last year.

Norton protects users across all platforms, including mobile. Norton's Mobile Security has analyzed over 30 million Android applications over the past several years and to date, it has identified 15 million apps as malicious and recorded a 77% rise in apps containing unwanted mobile adware. As we reported in our Q2 FY17 conference call, our active mobile users grew 56% year over year.

Norton has also pioneered a broad set of consumer protection technologies, including secure password management, multi-factor authentication, online backup, parental controls, Wi-Fi privacy, and endpoint encryption, delivering the most extensive cyber defense platform for consumers.

Now, I would like to introduce LifeLock and provide some commentary on the combination of Norton and LifeLock. LifeLock has built a leading brand in identity protection services, with over 4.4 million highly satisfied members, as demonstrated by a strong Net Promoter Score in high customer retention.

The Company has grown by connecting directly with consumers and through developing a strong partner channel, including integrating with the employee benefit programs and striking marketing partnerships with other strong consumer brands. LifeLock has a proprietary technology platform, with data model attributes covering nearly 100% of US adults.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

LifeLock has built a unique data [leg], with hundreds of enterprises contributing data across multiple industries. By applying machine learning and artificial intelligence algorithms to this data, consumer behaviors are -- outside of normal patterns can be identified, enabling industry-leading identity protection.

We are excited about potential insights from these algorithms, working with Symantec's extensive threat knowledge and cyber threat campaign data. Examples of the kinds of data LifeLock correlates include data from subprime and peer-to-peer lenders, telecommunications providers, and financial institutions, creating an integrated comprehensive view of evolving consumer interactions.

This is a meaningful addition to Symantec's threat telemetry. As individuals authenticate the purchases for goods and services, for example, credit cards, wireless phones, and mortgages, certain patterns emerge.

LifeLock applies analytics to understand these complex information relationships and deliver a unique perspective on the opportunity and risk associated with US consumers. LifeLock's service contains substantial intellectual property and know-how, which powers a comprehensive and differentiated identity protection service.

Let me now discuss why we are so passionate about combining LifeLock with our Norton consumer business. Consumers pay between 2X and 3X more for identity protection than they pay for endpoint malware protection. With the acquisition of LifeLock, the value proposition of our customer solutions now extends to include identity protection and recovery services, offering the broadest and most comprehensive platform for consumer's digital safety.

This combined offering will protect consumers' digital presence, alert them to suspicious activity, and protect them against malware. Our combined service will also help consumers recover when their endpoint or identity become compromised. We intend to cross-sell LifeLock and Norton offerings into their respective customer bases, which we expect will increase ASPs and retention rates in both cohorts over time.

Before I turn it over to Nick, I want to re-emphasize how financially attractive this combination is for Symantec. With the acquisition of LifeLock, we expect Symantec's consumer security business to return to sustainable top line revenues growth, with non-GAAP operating margins of at least 40%.

By entering the growing identity protection space, we increased the total addressable market for Symantec and we believe that mining LifeLock's identity protection solution with Norton cyber security offerings, presents exciting opportunities for additional revenue, which include offering Norton's US customers a market-leading identity protection solution; offering LifeLock's customers the added benefit of Norton cybersecurity protection; and offering the most comprehensive digital safety solution to an entirely new set of customers, growing our market share. However, we believe it is prudent not to incorporate these revenue synergies opportunities into our outlook at this time.

Now, I will turn the call over to Nick to review the transaction details and financial overview.

Nick Noviello - Symantec Corporation - EVP & CFO

Thank you, Greg, and good morning, everyone. As Greg stated, we have agreed to apply acquire LifeLock for \$24 per share, or \$2.3 billion in enterprise value, including assumed employee equity. The transaction, which is expected to be completed during our fourth fiscal quarter, is subject to the satisfaction of customary closing conditions, including completion of the required waiting period under US Antitrust law and LifeLock's stockholder approval.

We intend to finance the transaction with cash on the balance sheet and new debt of approximately \$750 million. In addition, our Board of Directors has increased our share repurchase authorization to \$1.3 billion. We are now targeting up to \$500 million in repurchases by end of FY17.

We anticipate achieving \$30 million of run rate cost synergies from overlap in infrastructure, and general and administrative costs by the end of FY18, accelerating to over \$80 million of run rate cost synergies by the end of FY20, with upside. Cost synergy targets are based off of LifeLock's outlook for total spending.

NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Given the timing of the expected close, the transaction will have no impact to our fiscal third quarter ending December 30, 2016, and is not expected to have a material impact to our FY17 financial results. Today, we are reaffirming our FY17 financial guidance, which we will further update to the degree necessary based on timing of the close of the transaction.

We are also reaffirming our FY18 non-GAAP earnings per share guidance of \$1.70 to \$1.80. That guidance incorporates our most current view on the Symantec business and the strong progress we have made on the Blue Coat integration, including towards our commitments around cost efficiencies and synergies. It also represents the expected revenue and profit contribution from LifeLock, with cost synergies but without revenue synergies.

Finally, our EPS guidance incorporates the incremental interest expense from new debt, a slightly higher tax rate given LifeLock profits are generated largely in the United States, and reflects our continued share repurchases up to \$500 million, of which we're targeting to complete by the end of FY17. We expect earnings accretion from the transaction during FY19 on cost synergies alone.

With respect to consumer security, we expect the combination of Norton and LifeLock will return our consumer business to growth, which we expect to be in the low to mid-single digits, with high recurring revenue and non-GAAP operating margins of approximately 40%. As there is no overlap between Norton and LifeLock products, we believe there is no material revenue dissynergy in combining the two businesses.

The integration of the two businesses will be primarily run by our strong consumer team. For background, both operationally and organizationally there is significant separation between our consumer and enterprise businesses, including IT systems supporting revenue-generating activities.

As Greg mentioned before, we believe there is substantial upside opportunity with this acquisition, including cross-sell, retention and international expansion. However with that said, we have not incorporated those opportunities into our outlook at this time.

To wrap up on financial policy. In addition to authorizing the purchase of LifeLock, our Board of Directors has approved an increase of our share repurchase authorization to \$1.3 billion. As I indicated, we are targeting up to \$500 million in repurchases by the end of FY17. Our commitment to the amount and the timing of our previously announced \$550 million in cost efficiencies and synergies remains unchanged. And we remain focused on paying down debt over the medium-term and maintaining strong cash flow and a strong balance sheet and cash generation capability. Finally, we are maintaining our \$0.30 annual dividend.

So Greg, why don't I let you close?

Greg Clark - Symantec Corporation - CEO

Thank you, Nick. In conclusion, with the combination of Symantec and LifeLock, we intend to transform consumer digital safety by combining the leader in endpoint protection with the leader in identity protection. Our combined platform will protect all aspects of consumers' digital lives, including information, networks, families and identity.

With this transaction, we expect to return our consumer business to growth similar to the transformation of our enterprise business. As Nick said in his remarks, we are confident in our ability to manage both this and our enterprise business transformation given the lack of overlap between our businesses.

The consumer business and the enterprise business are significantly separate both operationally and organizationally and I'm confident in our ability to execute here and I believe the acquisition will drive substantial long-term shareholder value. Thank you very much.

Jonathan Doros - Symantec Corporation - Head of IR

Operator, we will open the call for questions.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Matt Hedberg, RBC Capital Markets.

Matt Hedberg - RBC Capital Markets - Analyst

Congrats on the transaction. Greg, maybe at a high-level, following the close of the LifeLock deal, can you give us your high-level vision for consumer digital safety, say, five years from now? What does that landscape look like?

Greg Clark - Symantec Corporation - CEO

I think that's a great question. We are extremely excited about being able to really deliver what is center of mind for consumers and being able to do more than take care of their endpoint and many of the great things that we do under the Norton brand. We really think that digital safety is something that really resonates with consumers.

To that end, if I just look around to many of the executives I know, many of the folks that work at Symantec that are LifeLock customers. They come out of pocket for 3 times the amount that they do for endpoint protection. I think the combination of those things is huge financial upside for us, as we discussed.

But more importantly, identity protection and really protecting people's digital lives and digital personas is something that we expect to be a long-term growth tailwind for our consumer business. And our brand is very aligned with that. I might ask Fran Rosch to comment on some of the testing that we did our customer cohort around digital safety and around the identity protection combined with Norton, because I think there are some good insights in there. Go ahead, Fran.

Fran Rosch - Symantec Corporation - GM of Consumer Business

Great. Thanks Greg. Yes, I think that -- to answer the question, we definitely see an evolution of what consumers are most concerned about with their digital safety. For many years, it's been focused on securing their devices, their PC; it shifted to mobile. The top concerns now are really tied to identity protection and the privacy of their information that is located all over the place in the cloud.

So we've been talking to our customers. We survey them. We do focus groups and there's a definitely high level of attractiveness from our customer base combining their traditional Norton device protection with this identity protection. As we look forward into even -- into further years and five years out, the whole area of consumer IoT and the automated home is also an area that we think is an opportunity for us in the future.

Matt Hedberg - RBC Capital Markets - Analyst

That's great. Maybe one for Nick. It sounds like, Nick, at least in your prepared remarks, the \$30 million in savings, at least initial savings is G&A and infrastructure related. I'm curious when you look out to the \$80 million, I think by FY20, is there anything more included there? Are you just looking at LifeLock's P&L at face value? It looks like some of those savings could be conservative, given I think they might spend \$80 million in G&A next year alone?



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Nick Noviello - Symantec Corporation - EVP & CFO

I think that's fair. I think that we are being thoughtful about this acquisition on the front end. When we talk about G&A and infrastructure, those are the areas where there is overlap in public company costs, where there's overlap in things like a real estate in certain areas.

Those are the things we obviously look at and have the ability to just make sure that we are clean and clear between the two of us. There are a lot more opportunities here, I think, in this overall forecast. Really, I think that speaks to our conservatism in building this forecast and our conservatism in modeling this acquisition.

As you heard, we included revenue synergies in our model. We did not -- I'm sorry, we included cost synergies in our model. We did not, I said in the prepared remarks, include any revenue synergies at all. So when we look at the \$30 million, when we look at their last year's spend, their last fiscal year of \$70 million G&A, when we look at their expectations in terms of spend go forward, we think it's appropriate to start with \$30 million and when we model that up over time, there are a number of areas where, frankly, between the two of us, we will be able to see and more than achieve those cost synergies.

Operator

Shaul Eyal, Oppenheimer.

Shaul Eyal - Oppenheimer & Co. - Analyst

Congrats on this transaction. Greg, you recently launched your own identity solution. What can you tell us? What have you learned from that (inaudible). When you think about LifeLock, why buy versus continue and approach your [long-term] solution?

Greg Clark - Symantec Corporation - CEO

I think we have a couple of comments today. We have been working on and thinking about adding the identity protection value proposition to our consumer business for a long time. If you go back and look over the history between Symantec and LifeLock, it extends back a number of years.

We did recently announce an identity protection product. We then, in preparation for doing that, as Frank commented just before we did test, whether or not we thought our Norton customers would buy it. Those tests came back extremely positive. So much so that we really liked, as I mentioned in the prepared remarks, that identity protection value is multiples of our endpoint protection value.

LifeLock has about 4.4 million users. We have many, many more than that in the Norton base and we are really excited about the ability to take that value proposition, combine it with the fantastic customer satisfaction we have in Norton, and we think we're going to get a really strong result there. Strong enough that when the opportunity to combine our consumer business with the market leader in identity protection, that was something that was very difficult for us not to execute on because there is such a great affinity and we have such a strong customer base.

Then if you look at the other way and you think about the 4.4 million LifeLock customers, the customer set that we tested and it was definitely part of our due diligence, the Net Promoter Scores of people that use LifeLock are extremely high. We feel really good about being able to take our Norton value proposition and then cross-sell that into them. And I'll ask Fran to just put some commentary around that.

Fran Rosch - Symantec Corporation - GM of Consumer Business

The only thing I would add is not all identity protection services are created equal. We're impressed with the intellectual property that LifeLock has around their proprietary databases and technology to be able to do some early identification potential fraud. I'm very excited to see that.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Shaul Eyal - *Oppenheimer & Co. - Analyst*

Got it. Got it. And then maybe building on Matt's prior question but coming a little bit from a different direction. So you've been talking about repositioning your enterprise business with the Blue Coat acquisition; now you're revamping the consumer business with this morning's acquisition.

But maybe down the road, two to three years, I think also with the view that you have some strong private equity [guides] backing you. Do you think strategically there could be some thinking of down the road spinning off or maybe separating the enterprise and the consumer business? ,

Greg Clark - *Symantec Corporation - CEO*

No, I think it is discussing constructs like that is things are probably not something that is on our minds at this time. We have a really strong set up on -- for the Symantec shareholders. We've got a great growth product set and strategy around enterprise. If you think of it high-level, two thirds of our revenue comes from the enterprise and we're set up extremely well with the Blue Coat acquisition and product combinations and the early results that we've got on that.

We really feel good about our shareholder value and our -- the valuation on the enterprise with an equally performing consumer business that is growing. It's a strong business; it's \$2.3 billion in size. Growing, as we talked about in our prepared remarks. We like that value accretion to the equity. We think that's really strong and over time, we feel really good about that, but I think it's too early to speculate on other constructs.

Operator

Keith Weiss, Morgan Stanley.

Keith Weiss - *Morgan Stanley - Analyst*

A couple I want to get through, but first, just a high-level question on focus. It's really in two directions. One, I think one thing investors are wondering about is why shift the focus in terms of so much investment on the consumer side when the most recent focus has been building out the enterprise side of business?

I guess the second part of the question, which is related, is can you do both at once? Is this asking too much to do anything significant acquisition on the Blue Coat side of the equation? Does management have the bandwidth to do both major integration and come up with a new product strategy, or integrated product strategy on the enterprise side of the business at the same time doing a significant acquisition on the consumer side of the equation as well?

Greg Clark - *Symantec Corporation - CEO*

Thanks Keith. That's a great question. Something that's our management team and people that's strongly invested in the business, something that we definitely deliberated on and we're -- we really cutting down on the considerations.

So just first some history, inside of Symantec, the consumer business and the enterprise business are separate business units and have separate management team construction throughout the organization. In addition to that, even the back-end systems that support the transactional business in Norton are vertically integrated into the business unit.

We have a substantial set of talent that is working on the enterprise segment integration of Blue Coat. Very strong bench, very strong organization underneath that. We feel really good, as we discussed in our Q2 remarks, about where we are in the integration of those things both technically, and on the top line and bottom line.

NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

So we definitely would not be proceeding with the transaction like this if we didn't feel like we have that in hand. And we have plenty of very experienced folks on our Board that also are very interested in that topic. So I think you can take away from that, that is something that we definitely pressure tested our ability to do that.

I would also like to comment on Fran Rosch and his team. They run a very strong business in the consumer segment under Norton. Very predictable and very well-run operationally. The product overlap doesn't exist between LifeLock and Norton. The identity protection product we had previously brought to market was an OEM.

This is something where we are really integrating separate capabilities from very an excellent company over at LifeLock that is extremely, executing extremely well, growing the business in double digits. So we do feel good about the ability for the excellent LifeLock team and Fran's team to be able to bring together that combined product and offer it to our customers and primarily, the integration is in the storefront that puts LifeLock and Symantec together.

It is not a bunch of back operations stuff that changes. The call centers, the marketing machine, the selling engine, the support engine inside both entities is intact and over time, we think we have some upsides there as we can bring some efficiencies through those parts of the business. So there is certainly a ton of focus on enterprise.

I would just like to point out that consumer is a very important piece of Symantec. It's a very important piece of our strategy. We get a ton of cyber defense threat telemetry from the massive number of consumer probes we have in the world. They light up bad parts of the Internet for us and we get that and that benefits our enterprise customer substantially because it's the same infrastructure in many cases. So [focused that] question, we are all over it and the ability to do both, we feel very good about that.

Keith Weiss - *Morgan Stanley - Analyst*

If I could just again on the consumer side a little bit. Without LifeLock, were you guys still on target for returning the underlying consumer business to growth? I think the target was maybe two years out for that to stabilize?

Greg Clark - *Symantec Corporation - CEO*

Definitely. We feel very good about our Norton business. We exceeded expectations in Q2, and we are definitely on track to address the declines and to return the business, the underlying Norton business back to growth on its own organics team. That was progressing very well.

Operator

Gabriela Borges, Goldman Sachs.

Gabriela Borges - *Goldman Sachs - Analyst*

Maybe for Greg and Fran, it would be great if you could give us a little more color on how big you think the cross-sell opportunity could be? That 50 million consumer base that you will now be addressing together compared to LifeLock's 4.4 million. Maybe based on some of the initial research, the due diligence that you've done, how should we think about what percentage of those 50 million customers might be interested in becoming LifeLock customers?

Greg Clark - *Symantec Corporation - CEO*

That's a very good question. I think if you can imagine there being many millions of North American users of Norton that are in the right cohort that would purchase identity protection. It means they are more affluent, and they care about their online identity, that number is extremely large.

NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

We did survey them very well. I will ask Fran to make some comments on -- in answer to your question. The revenue synergy case is an extremely strong one.

Fran Rosch - Symantec Corporation - GM of Consumer Business

Yes. We did several different types of testing over the past several months. One type of testing, which we think had the highest promise, was actually be able to go into our current Norton base. We have a very strong, millions of Norton customers today for our -- in our subscription business.

At the time of renewal, offer them an opportunity to renew to a broader cyber safety package, that includes not only endpoint security but identity protection service at a higher ASP. We were -- the results of that were very positive. That the revenue synergies, which, of course, we're not incorporating into our model, were supported by the rate of adoption of that higher ASP service.

That was one which we're selling to our installed base. The second one was actually going out to brand new customers as we compete against more point provider of just cybersecurity solutions and to offer the combination of the broader platform. We also saw a pick-up in our acquisition of new customers.

I think the third type of analysis we did is we actually looked at a customer overlap; customers that had today already were using Norton and LifeLock and vice versa. We thought that was positive; it showed some good trends of like-minded customer base.

So those are really the three ways we did testing. We saw good results selling to our current installed base, a brand new offering to brand new customers and then looking at the overlap between the two customer bases.

Greg Clark - Symantec Corporation - CEO

In addition to those comments, the LifeLock brand is extremely strong with that cohort of testing and we saw a really good result there, when presented with the resonance of the LifeLock brand.

Gabriela Borges - Goldman Sachs - Analyst

That's helpful. As a follow up, if I may, on the go-to-market strategy. LifeLock had announced that it had signed a deal with a large wireless carrier on its last earnings call. I think they've been working to close some other large partner deals. Maybe just how -- how are you thinking about proceeding with those types of large engagements and what impact could that have on the revenue opportunity? Thanks very much.

Greg Clark - Symantec Corporation - CEO

We feel really good about the relationship with service providers at Symantec. Since -- in the addition of the acquisition of Blue Coat was extremely strong in the network part of service providers. We have now even a stronger proposition. Norton is extremely important to many of the world's service providers.

Identity protection, as you had mentioned in the example that you discussed, show even more traction there so I think we have definitely with this announcement, have seriously increased our importance to this service provider cohort, which I think is a very powerful route to market for the entire Symantec. Fran, do you have -- want to add to anything?

Fran Rosch - Symantec Corporation - GM of Consumer Business

Yes, I would just -- the comment I would say it's [bi-directional]. I think there a lot of partners at LifeLock are working today, working with today, that we'll be able to go to and give them a broader value proposition by adding a Norton cyber security services, and service providers are an area

NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

where we're both very active. There's also a whole set of Norton partners that we've been -- we've had for decades that are anxious to get additional services that they can do go ahead and put through their channels to their consumers. So we will be happy to bring the very strong LifeLock offering into that channel as well.

Greg Clark - *Symantec Corporation - CEO*

There's one other comment I would like to make. We have many, many, tens of millions of enterprise users. LifeLock has a great corporate benefits package and we feel really excited about being able to follow some of our enterprise users home, which is also a great growth trajectory for us.

Operator

John DiFucci, Jefferies.

John DiFucci - *Jefferies & Co. - Analyst*

My question is for Nick. Nick, you've guided to maintain FY18 EPS of \$1.70 to \$1.80 but the cost of debt is much less than the comfortably profitable margins that LifeLock had. I know you used the word, conservative, but why wouldn't it be automatically accretive unless -- because I know I'm going to get this question, most of us will, unless the original \$1.70 to \$1.80 was at risk.

Nick Noviello - *Symantec Corporation - EVP & CFO*

That's good question. So let me make sure I walk through it with you again. Obviously, we have our own business that we're on a very strong trajectory on and we feel very good about.

So when I look at what's going on with the Symantec business and I look at specifically the combination of Blue Coat, which has top line and profit to it, and the cost synergies that were coming between the two as well as the cost saving that was -- that Symantec was working on already before Blue Coat even got here. Those things all come together; that's positive.

I indicated you can offset that by cost of debt by interest expense from that ; that's offset by a little bit of tax rate. We're going to have share repurchases but those share repurchases are not going to be at the level that they were planned for before, right? You recall the prior management team had laid out doing about a \$1.3 billion of repurchase before the end of this fiscal year.

So there is a share count difference. So if you think about share count alone, I would say that, as I look at it right now, share count next year -- and this is looking at it at a high level -- is going to be north of 640 million shares on a fully diluted basis. So I think you have look at those multiple pieces, which is why we try to talk about it each one.

Our forecast in our Symantec business, we feel very good about. We feel very good about the commitments we've made and our progress towards achieving those commitments across the business. Obviously, we add LifeLock in there, we add synergies in there, and then we load in debt, tax, and -- which is what you always have, and then the share count point. So some moving parts there but I hope that helps answer the question.

John DiFucci - *Jefferies & Co. - Analyst*

I think it does (multiple speakers)--

NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Greg Clark - Symantec Corporation - CEO

In the last prepared remarks on Q2, we commented on the share count in the \$1.70 to \$1.80, incorporating \$0.10 due to share count

John DiFucci - Jefferies & Co. - Analyst

Right.

Greg Clark - Symantec Corporation - CEO

We don't have a problem with the previous -- with the execution on the previous plan.

John DiFucci - Jefferies & Co. - Analyst

But the dollar -- I mean, the share count -- I apologize. I just want to make sure I get this right. When you just said about share count, I mean that's not anything new. Share count is modeled -- your share count is not going up today --

Nick Noviello - Symantec Corporation - EVP & CFO

Well, our share count has certainly gone up in terms of the share price, right? So we do have the convertible notes and those do impact share count. And we disclose that on our IR website. We can be as clear as possible about the impact to share count from those ASR -- from those -- from the convertible notes.

Operator

Our final question, Brent Thill, UBS.

Brent Thill - UBS - Analyst

Greg, you've done about \$7 billion worth of acquisitions now with Blue Coat. Are you going to slow down or -- in the short term or are you open to further transactions and I had a quick follow-up for Nick.

Greg Clark - Symantec Corporation - CEO

We have no plans for any M&A at this time.

Brent Thill - UBS - Analyst

Nick, on the consumer margin, you mentioned in -- it's currently over 50%; you expect that to slow to roughly 40%. Are you embedding other investments into that other than some LifeLock coming on?

Nick Noviello - Symantec Corporation - EVP & CFO

No. We're trying to keep that as separate as possible. So we're trying to show you and talk about that pro forma 40% type of range, as what we would talk about for our consumer segment go forward. After inclusion of everything together, what that would look like. So we talked about the topline growth rate of that segment and then the expected or the pro forma margins being in that 40%-plus range.



NOVEMBER 21, 2016 / 1:30PM, SYMC - Symantec Corp to Acquire LifeLock M&A Call

Operator

I will now turn the conference back over to management for any further remarks.

Greg Clark - Symantec Corporation - CEO

Thank you. Thank you all very much for getting on the call today. We wish all of the folks in the United States Happy Thanksgiving. Thank you very much.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you all for joining, and you may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2016, Thomson Reuters. All Rights Reserved.

