Symantec Adoption of ASC 606

Modified Retrospective Approach
Effective as of March 31, 2018

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Forward Looking Statements

This supplemental information document contains statements which may be considered forward-looking within the meaning of the U.S. federal securities laws, including the statements regarding Symantec's projected financial and business results. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from results expressed or implied in this document. For discussion of some of the important factors that could cause these material differences, please review the "Risk Factors" section of Symantec's Forms 10-K and Forms 10-Q filed with the Securities and Exchange Commission. Additional risks include, but are not limited to, risks relating to the ongoing internal investigation by the Audit Committee, including: (i) the risk that the internal investigation identifies errors, which may be material, in the Company's financial results, or impacts the timing of Company filings; and (ii) the risk of legal proceedings or government investigations relating to the subject of the internal investigation or related matters. Symantec assumes no obligation, and does not intend, to update these forward-looking statements as a result of future events or developments.

The examples provided in this presentation are meant to be illustrative only and should not be relied on as representative of any actual result in making any investment decisions.

The information contained in this presentation is based on accounting guidance published to date and any related interpretations, which could be subject to change prior to the applicable effective date of such guidance.

Use of GAAP and Non-GAAP Financial Information

To assist our readers understand our past financial performance and our projected future results, we supplement the financial results that we provide in accordance with generally accepted accounting principles, or GAAP, with non-GAAP financial measures. The method we use to produce non-GAAP measures is not computed according to GAAP and may differ from the methods used by other companies. Non-GAAP financial measures are supplemental, should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. We believe our presentation of non-GAAP financial measures, when taken together with corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management team uses these non-GAAP financial measures in assessing our operating results, as well as when planning, forecasting and analyzing future periods. We believe that these non-GAAP financial measures also facilitate comparisons of our performance to prior periods and that investors benefit from an understanding of the non-GAAP financial measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results which can be found, along with other financial information, on the investor relations page of our website at: http://www.symantec.com/invest.

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Overview of ASC 606

ASC 606 is a Global Principles-Based Model

1. Step 1: Identify the contract with the customer
2. Step 2: Identify the performance obligations
3. Step 3: Determine the transaction price
4. Step 4: Allocate the transaction price to the performance obligations
5. Step 5: Recognize revenue when (or as) performance obligations are satisfied

Transition Method

In Q1 FY19, Symantec adopted the new revenue accounting standard (ASC 606) using the **modified retrospective transition** method, and as a result, historical information has not been recast and will continue to be presented under the former accounting standard (ASC 605)

Impacts to Symantec – Accounting Policies

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What Changes?

- **Timing of revenue recognition** for certain Enterprise Security performance obligations
- **SSP[1] replaces VSOE[2]** and estimated selling price for allocation of sales price to performance obligations in software arrangements
- **Relative fair value allocation of selling price** replaces residual method allocation in software arrangements
- **Performance obligations for certain products are now interrelated**, as in the case for certain anti-virus perpetual licenses and support[3]
- **Timing and pattern of recognition of sales commissions** expenses for Enterprise Security
- What was previously referred to as **"Deferred revenue"** has been **renamed as "Contract liabilities"** to more accurately describe the balances contained therein under the new standard

What Does Not Significantly Change?

- Consumer Digital Safety operating results
- Cash Flow From Operations
- Implied billings value

1) SSP: Standalone Sales Price
2) VSOE: Vendor-Specific Objective Evidence of fair value
3) The license and updates are, in effect, inputs to a combined item in the contract. These may have been treated as separate deliverables in the contract under the former standard.

Summary of Impacts to Key Metrics

Prior (Under ASC 605)		FY19 (Under ASC 606)
Enterprise % Ratable Business (Bookings)	Under ASC 606, this will be reported as % Ratable Revenue. During FY19 transition period, we will also report FY19 % Ratable Revenue under ASC 605.	**Enterprise % Ratable Revenue**
Enterprise Contract Duration	We will continue to report Contract Duration under ASC 605 during the FY19 transition period, but will not have an equivalent ASC 606 Contract Duration metric	**Waterfall of Remaining Performance Obligations**
Deferred Revenue	Deferred Revenue will now be referred to as Contract Liabilities under ASC 606	**Contract Liabilities**

Impacts to the Enterprise Security Business

	IMPACTED?	FORMER STANDARD (ASC 605)	NEW STANDARD (ASC 606)
Term license with distinct deliverables	✓	Ratable	**Upfront**
Allocation of revenue for software transactions	✓	Residual method	**Relative selling price**
Perpetual license with interrelated deliverables	✓	Upfront	**Ratable**
Commissions expense	✓	Partially deferred & recognized <u>proportionally</u> over <u>initial</u> term	Partially deferred & recognized **<u>straight-line</u> over <u>longer</u> term**
Term license with interrelated deliverables	None	Ratable	Ratable
Hardware with distinct deliverables	None	Upfront	Upfront
Cloud hosted solutions	None	Ratable	Ratable

Note: Under the modified retrospective approach, we applied the new standard to all new contracts initiated on or after March 31, 2018. In addition, for contracts that are not completed as of March 31, 2018, we recorded an adjustment to the opening balance of our retained earnings to recognize the cumulative effect of applying the new standard. Prior periods were not restated.

Impacts to Enterprise Security Revenue

Change	Impact	
Timing of revenue recognition for certain Enterprise Security performance obligations →	Generally results in **greater portion of revenue recognized upfront** for certain term-based licenses with distinct performance obligations	Example in Appendix A
Relative fair value allocation of sales price replaces residual method allocation →	For discounted perpetual license transactions, this generally results in **greater portion of revenue recognized upfront**, as discounts are now allocated proportionally across performance obligations	Example in Appendix B
Performance obligations for certain products are now interrelated, as in the case for certain anti-virus perpetual licenses and support[1] →	Generally results in **less revenue recognized upfront** in certain perpetual license transactions with interrelated deliverables, as revenue is now recognized over the anticipated total contract term	Example in Appendix C

1) The license and updates are, in effect, inputs to a combined item in the contract. These may have been treated as separate deliverables in the contract under the former standard.

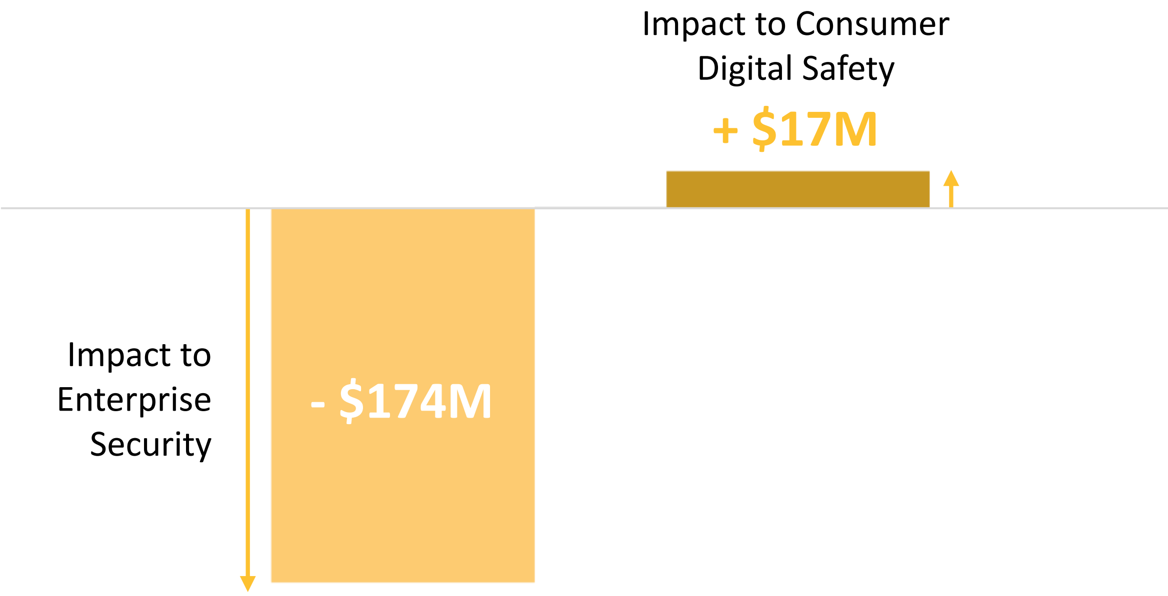
Impact to Q1 FY19

Impact of Adoption on Certain Opening Balance Sheet Accounts

As of March 31, 2018

Impact to Opening Contract Liabilities

- $157M



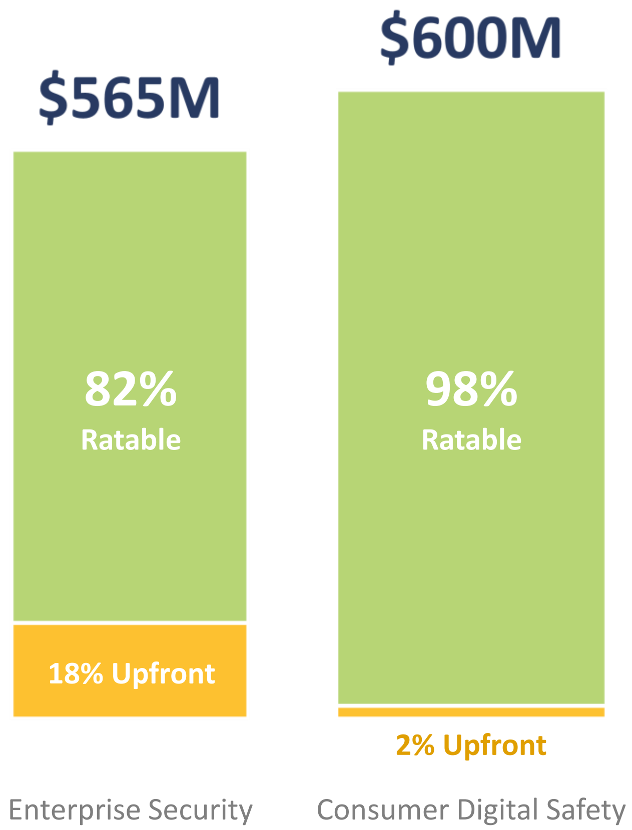
Impact to Opening Deferred Commissions Asset

+ $49M

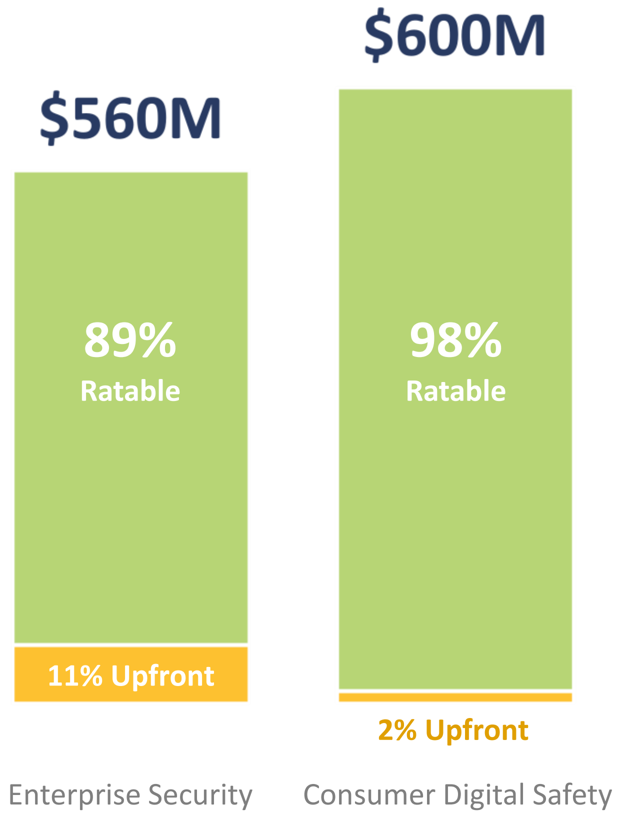
Upfront versus Ratable Revenue Recognized

Q1 FY19 Non-GAAP Revenue

New Standard (ASC 606)



Former Standard (ASC 605)



Summary of Impact to Q1 FY19 Income Statement

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Q1 FY19 Non-GAAP

USD in $ millions except per share	New Standard (ASC 606)	Former Standard (ASC 605)	Impact
Revenue	**$1,165**	$1,160	$5
Operating Margin	**28.1%**	27.0%	110 bps
Net income	**$231**	$221	$10
Diluted EPS	**$0.34**	$0.33	$0.01

Q1 FY19 Non-GAAP - Enterprise Security & Consumer Digital Safety

USD in $ millions except per share	New Standard (ASC 606)	Former Standard (ASC 605)	Impact
Enterprise Security Revenue	**$565**	$560	$5
Enterprise Security Op Margin	**11.3%**	8.9%	240 bps
Consumer Digital Safety Revenue	**$600**	$600	$0
Consumer Digital Safety Op Margin	**43.8%**	43.8%	0 bps

Summary of Impact to Q1 FY19 Balance Sheet

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USD in $ millions	New Standard (ASC 606)	Old Standard (ASC 605)	Impact
Total Enterprise Deferred Commissions	**$175**	**$119**	**$56**
Total Contract Liabilities	**$2,767**	**$2,938**	**$(171)**
Enterprise Contract Liabilities	$1,714	$1,893	$(179)
Consumer Contract Liabilities	$1,053	$1,045	$8

Note: This table quantifies the impact of ASC 606 on certain ending balance sheet accounts as of June 29, 2018, whereas page 11 of this presentation quantifies the impact of the adoption of ASC 606 on certain opening balance sheet accounts as of March 31, 2018.

Components of Contract Liabilities at Q1 FY19

USD in $ millions	Current Presentation*	Previous Presentation
Contract Liabilities*		
Deferred Revenue	$2,316	$2,767
Customer Deposits	$ 451	
Total	**$2,767**	**$2,767**

*Contract Liabilities consist of deferred revenue and customer deposit liabilities and represent cash payments received or due in advance of our performance obligations. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. Certain arrangements in our Consumer Digital Safety segment include terms that allow the end user to terminate the contract and receive a pro-rata refund for a period of time. In these arrangements, we have concluded there are no enforceable rights and obligations during the period in which the option to cancel is exercisable by the customer and therefore the consideration received or due from the customer is recorded as a customer deposit liability.

Appendices

Impacts to Enterprise Security Revenue – Illustrative Examples

A) ASC 606 Impact on a Term Based License with Distinct Performance Obligations

B) ASC 606 Impact on Relative Selling Price Allocation

C) ASC 606 Impact on Perpetual License with Interrelated Performance Obligations

Appendix A: ASC 606 Impact on a Term Based License with Distinct Performance Obligations

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<u>Example</u>: 3-year Advanced Threat Protection (ATP) term-based license with distinct deliverables for transaction price of $2 million[1]

FORMER STANDARD (ASC 605) (in thousands)	YR 1	YR 2	YR 3
License revenue (ratable)	**667**	667	666
Contract liabilities ending balance	1,333	666	0
Cash flow/Implied billings[2]	2,000	0	0

Revenue in Year 1: ~$0.7M

NEW STANDARD (ASC 606) (in thousands)	YR 1	YR 2	YR 3
License revenue (upfront)	**418**	0	0
Support revenue (ratable)	**527**	527	528
Contract liabilities ending balance	1,055	528	0
Cash flow/Implied billings[2]	2,000	0	0

Revenue in Year 1: ~$0.9M

What doesn't change?

Implied billings and cash flow

What changes?

Revenue will be allocated to distinct performance obligations: upfront license and ratable support

What are the impacts?

- **Greater in-period revenue and less contract liabilities** due to shifts in some revenue from ratable to upfront
- **Potentially greater variability in revenue recognized** as amount of revenue allocated to upfront recognition will vary depending on term and type of license sold

1) Example is for illustrative purposes only and does not represent actual pricing
2) Implied billings = Current period revenue +/- change in contract liabilities

Appendix B: ASC 606 Impact on Relative Selling Price Allocation

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Example: Perpetual Data Loss Prevention (DLP) license bundled with 3 years of support for transaction price of $4 million[1]

FORMER STANDARD (ASC 605) (in thousands)	YR 1	YR 2	YR 3
License revenue (upfront)	**1,850**	0	0
Support & maintenance (ratable)	**717**	717	716
Contract liabilities	1,433	716	0
Cash flow/Implied billings[2]	4,000	0	0

Revenue in Year 1: ~$2.6M

NEW STANDARD (ASC 606) (in thousands)	YR 1	YR 2	YR 3
License revenue (upfront)	**2,280**	0	0
Support & maintenance (ratable)	**573**	573	574
Contract liabilities	1,147	574	0
Cash flow/Implied billings[2]	4,000	0	0

Revenue in Year 1: ~$2.9M

What doesn't change?

Implied billings and cash flow

What changes?

Allocation of revenue to undelivered support and maintenance may change

What are the impacts?

Greater in-period revenue and less contract liabilities in the 1st year due to:

- Shifting of some revenue from ratable to upfront
- Relative allocation of fair value to support and maintenance performance obligation

1) Example is for illustrative purposes only and does not represent actual pricing
2) Implied billings = Current period revenue +/- change in contract liabilities

Appendix C: ASC 606 Impact on Perpetual License with Interrelated Performance Obligation

Example: Perpetual Symantec Endpoint Protection (SEP) license bundled with 3 years of support for transaction price of $4.75 million[1]

FORMER STANDARD (ASC 605) (in thousands)	YR 1	YR 2	YR 3
License revenue (upfront)	**1,000**	0	0
Support & maintenance (ratable)	**1,250**	1,250	1,250
Contract liabilities	2,500	1,250	0
Cash flow/Implied billings[2]	4,750	0	0

Revenue in Year 1: ~$2.25M

NEW STANDARD (ASC 606) (in thousands)	YR 1	YR 2	YR 3
License revenue (ratable)	**333**	333	334
Support & maintenance (ratable)	**1,250**	1,250	1,250
Contract liabilities	3,167	1,584	0
Cash flow/Implied billings[2]	4,750	0	0

Revenue in Year 1: ~$1.6M

What doesn't change?

Implied billings and cash flow

What changes?

License revenue is recognized ratably rather than upfront

What are the impacts?

Less upfront revenue and more contract liabilities in the 1st year as license revenue is recognized ratably rather than upfront

1) Example is for illustrative purposes only and does not represent actual pricing
2) Implied billings = Current period revenue +/- change in contract liabilities