

SYMANTEC CORPORATION

GAAP Consolidated Statements of Income

(In thousands, except per share data; unaudited)	Three Months Ended		Twelve Months Ended	
	2005	March 31, 2004	2005	March 31, 2004
Net revenues	\$ 712,678	\$ 556,435	\$2,582,849	\$1,870,129
Cost of revenues:				
Cost of revenues	110,026	86,151	403,215	286,564
Amortization of acquired product rights	<u>11,105</u>	<u>11,407</u>	<u>48,894</u>	<u>40,990</u>
Total cost of revenues	121,131	97,558	452,109	327,554
Gross profit	591,547	458,877	2,130,740	1,542,575
Operating expenses:				
Research and development	90,277	70,198	332,266	252,284
Sales and marketing	227,329	196,017	843,724	660,573
General and administrative	33,646	25,387	115,419	94,645
Amortization of other intangibles from acquisitions	1,760	779	5,416	2,954
Amortization of deferred stock-based compensation	2,844	--	4,524	--
Acquired in-process research and development	--	1,110	3,480	3,710
Restructuring	--	463	2,776	907
Patent settlement	375	--	375	13,917
Integration planning	<u>3,494</u>	<u>--</u>	<u>3,494</u>	<u>--</u>
Total operating expenses	359,725	293,954	1,311,474	1,028,990
Operating income	231,822	164,923	819,266	513,585
Interest and other income, net	16,670	11,586	51,185	40,254
Interest expense	--	(5,291)	(12,323)	(21,164)
Income, net of expense, from sale of technologies and product lines	<u>--</u>	<u>6</u>	<u>--</u>	<u>9,547</u>
Income before income taxes	248,492	171,224	858,128	542,222
Provision for income taxes ⁽²⁾	<u>128,810</u>	<u>54,295</u>	<u>321,969</u>	<u>171,603</u>
Net income	<u>\$ 119,682</u>	<u>\$ 116,929</u>	<u>\$ 536,159</u>	<u>\$ 370,619</u>
Net income per share – diluted ⁽¹⁾	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ 0.74</u>	<u>\$ 0.54</u>
Shares used to compute net income per share – diluted ⁽¹⁾⁽²⁾	<u>738,413</u>	<u>732,596</u>	<u>738,245</u>	<u>719,110</u>

⁽¹⁾ Share and per share amounts for the three and twelve months ended March 31, 2004 retroactively reflect the two-for-one stock split effected as a stock dividend, which occurred on November 19, 2004. For the three months ended March 31, 2004 and the twelve months ended March 31, 2005 and 2004, diluted net income per share is calculated using the if-converted method. Under this method, the numerator excludes the interest expense from the 3% convertible subordinated notes, net of income tax, of \$3.6 million for the three months ended March 31, 2004, and \$8.4 million and \$14.4 million for the twelve months ended March 31, 2005 and 2004, respectively, and the denominator includes shares issuable from the assumed conversion of the 3% convertible subordinated notes.

⁽²⁾ The three and twelve months ended March 31, 2005 include a one-time tax expense of \$54 million or \$0.07 per diluted share related to Symantec's repatriation of \$625 million in cash of which \$500 million was subject to the American Jobs Creation Act of 2004.

SYMANTEC CORPORATION

Non-GAAP Consolidated Statements of Income

Non-GAAP amounts exclude all acquisition-related amortization, amortization of deferred stock-based compensation, acquired IPR&D, restructuring charges, patent settlement charges, integration planning charges related to our proposed merger with VERITAS, tax effect associated with cash repatriation and related income tax benefits.

(In thousands, except per share data; unaudited)	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Net revenues	\$ 712,678	\$ 556,435	\$2,582,849	\$1,870,129
Cost of revenues	<u>110,026</u>	<u>86,151</u>	<u>403,215</u>	<u>286,564</u>
Gross profit	602,652	470,284	2,179,634	1,583,565
Operating expenses:				
Research and development	90,277	70,198	332,266	252,284
Sales and marketing	227,329	196,017	843,724	660,573
General and administrative	<u>33,646</u>	<u>25,387</u>	<u>115,419</u>	<u>94,645</u>
Total operating expenses	351,252	291,602	1,291,409	1,007,502
Operating income	251,400	178,682	888,225	576,063
Interest income	16,670	11,586	51,185	40,254
Interest expense	--	(5,291)	(12,323)	(21,164)
Income, net of expense, from sale of technologies and product lines	<u>--</u>	<u>6</u>	<u>--</u>	<u>9,547</u>
Income before income taxes	268,070	184,983	927,087	604,700
Provision for income taxes	<u>81,711</u>	<u>59,136</u>	<u>292,596</u>	<u>193,445</u>
Net income	<u>\$ 186,359</u>	<u>\$ 125,847</u>	<u>\$ 634,491</u>	<u>\$ 411,255</u>
Net income per share – diluted ⁽¹⁾	<u>\$ 0.25</u>	<u>\$ 0.18</u>	<u>\$ 0.87</u>	<u>\$ 0.59</u>
Shares used to compute net income per share – diluted ⁽¹⁾	<u>738,413</u>	<u>732,596</u>	<u>738,245</u>	<u>719,110</u>

⁽¹⁾ Share and per share amounts for the three and twelve months ended March 31, 2004 retroactively reflect the two-for-one stock split effected as a stock dividend, which occurred on November 19, 2004. For the three months ended March 31, 2004 and the twelve months ended March 31, 2005 and 2004, diluted net income per share is calculated using the if-converted method. Under this method, the numerator excludes the interest expense from the 3% convertible subordinated notes, net of income tax, of \$3.6 million for the three months ended March 31, 2004, and \$8.4 million and \$14.4 million for the twelve months ended March 31, 2005 and 2004, respectively, and the denominator includes shares issuable from the assumed conversion of the 3% convertible subordinated notes.

SYMANTEC CORPORATION

Reconciliation of Non-GAAP Gross Profit, Operating Expenses and Consolidated Statements of Income to the GAAP Gross Profit, Operating Expenses and Consolidated Statements of Income

<u>(In thousands, except per share data; unaudited)</u>	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2005	2004	2005	2004
Non-GAAP gross profit	\$ 602,652	\$ 470,284	\$ 2,179,634	\$1,583,565
Cost of revenues:				
Amortization of acquired product rights	<u>(11,105)</u>	<u>(11,407)</u>	<u>(48,894)</u>	<u>(40,990)</u>
GAAP gross profit	<u>\$ 591,547</u>	<u>\$ 458,877</u>	<u>\$2,130,740</u>	<u>\$1,542,575</u>
Non-GAAP operating expenses	\$ 351,252	\$ 291,602	\$1,291,409	\$1,007,502
Operating expenses:				
Amortization of other intangibles from acquisitions	1,760	779	5,416	2,954
Amortization of deferred stock-based compensation	2,844	--	4,524	--
Acquired in-process research and development	--	1,110	3,480	3,710
Restructuring	--	463	2,776	907
Patent settlement	375	--	375	13,917
Integration planning	<u>3,494</u>	<u>--</u>	<u>3,494</u>	<u>--</u>
Total operating expenses	8,473	2,352	20,065	21,488
GAAP operating expenses	<u>\$ 359,725</u>	<u>\$ 293,954</u>	<u>\$1,311,474</u>	<u>\$1,028,990</u>
Non-GAAP net income	\$ 186,359	\$ 125,847	\$ 634,491	\$ 411,255
Cost of revenues	(11,105)	(11,407)	(48,894)	(40,990)
Operating expenses	(8,473)	(2,352)	(20,065)	(21,488)
Income tax benefit	7,150	4,841	24,876	21,842
Tax charge on cash repatriation	<u>(54,249)</u>	<u>--</u>	<u>(54,249)</u>	<u>--</u>
GAAP net income	<u>\$ 119,682</u>	<u>\$ 116,929</u>	<u>\$ 536,159</u>	<u>\$ 370,619</u>
Non-GAAP and GAAP net income per share - diluted				
Non-GAAP net income per share – diluted	<u>\$ 0.25</u>	<u>\$ 0.18</u>	<u>\$ 0.87</u>	<u>\$ 0.59</u>
GAAP net income per share – diluted	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ 0.74</u>	<u>\$ 0.54</u>
Shares used to compute net income per share – diluted	<u>738,413</u>	<u>732,596</u>	<u>738,245</u>	<u>719,110</u>

SYMANTEC CORPORATION

Consolidated Balance Sheets

<u>(In thousands; unaudited)</u>	<u>March 31,</u> <u>2005</u>	<u>March 31,</u> <u>2004</u>
<u>ASSETS</u>		
Current assets:		
Cash and short-term investments	\$ 3,206,587	\$ 2,410,331
Trade accounts receivable, net	285,325	259,152
Inventories	19,118	15,134
Current deferred income taxes	97,279	98,438
Other current assets	<u>79,973</u>	<u>59,079</u>
Total current assets	3,688,282	2,842,134
Property and equipment, net	382,689	378,367
Acquired product rights, net	127,619	120,938
Other intangible assets, net	30,739	9,971
Goodwill	1,365,213	1,080,759
Other long-term assets	<u>19,679</u>	<u>24,329</u>
	<u>\$ 5,614,221</u>	<u>\$ 4,456,498</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 74,685	\$ 71,654
Accrued compensation and benefits	140,543	116,770
Current deferred revenue	1,215,537	878,716
Other accrued expenses	91,033	92,595
Income taxes payable	<u>179,225</u>	<u>127,305</u>
Total current liabilities	1,701,023	1,287,040
Convertible subordinated notes	--	599,987
Long-term deferred revenue	114,724	92,481
Long-term deferred tax liabilities	88,613	44,750
Other long-term obligations	4,408	6,032
Stockholders' equity:		
Common stock	7,105	3,119
Capital in excess of par value	2,412,947	1,573,466
Accumulated other comprehensive income	191,938	125,484
Deferred stock-based compensation	(21,070)	--
Retained earnings	<u>1,114,533</u>	<u>724,139</u>
Total stockholders' equity	<u>3,705,453</u>	<u>2,426,208</u>
	<u>\$ 5,614,221</u>	<u>\$ 4,456,498</u>