



## Blue Coat Acquisition

On October 5, 2016 we filed a Form 8-K/A with the U.S. Securities and Exchange Commission ("SEC") disclosing the pro forma financial statements for Blue Coat, Inc. ("Blue Coat") and Symantec Corporation ("Symantec") required under Article XI of Regulation S-X for the year ended April 1, 2016 and as of and for the fiscal quarter ended July 1, 2016.

**There will be no non-GAAP results presented for Blue Coat's first quarter of fiscal 2017 as this was prior to the acquisition and are not attributable to Symantec.**

### Blue Coat Acquisition SEC Filing Requirements

On August 1, 2016, we acquired Blue Coat, Inc. ("Blue Coat"), for approximately \$4.67 billion in net consideration transferred. Due to the significance of the acquisition, Symantec has certain SEC filings and GAAP reporting requirements. This includes certain pro forma disclosures within footnotes on our Quarterly Report on Form 10-Q and a more extensive Form 8-K/A filing of pro forma financial statements. These pro forma financial statements are unaudited and are prepared in conformity with SEC rules. The historical balance sheet information is adjusted as if the acquisition had occurred on the balance sheet date of July 1, 2016, the first quarter of fiscal year 2017, and the income statement information is adjusted as if the acquisition had occurred on April 4, 2015, the first day of Symantec's fiscal year 2016.

Additionally, as a part of the required Form 8-K/A filing, we are including the unaudited financial statements and footnotes for Blue Coat's first quarter ended July 31, 2016.

Please note that the most recent three years of audited financial statements and footnotes of Blue Coat can be found in Blue Coat's withdrawn Registration Statement on Form S-1/A, filed with the SEC on June 7, 2016 (the "S-1/A Filing"). The pro forma financial information is for illustrative purposes only and is not necessarily indicative of the consolidated financial position or results of operations in future periods nor the results that would have been realized had Symantec and Blue Coat been a combined company during the specified periods. The pro forma adjustments are based on preliminary information available at the time of the preparation of the documents. The unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with Symantec's historical consolidated financial statements included in its Annual Report on Form 10-K for the year ended April 1, 2016 and in its Quarterly Report Form 10-Q for the quarter ended July 1, 2016, Blue Coat's historical consolidated financial statements for the year ended April 30, 2016 which were filed with the SEC as a part of its S-1/A Filing, and Blue Coat's historical unaudited condensed consolidated financial statements for the fiscal quarter ended July 31, 2016, which were filed with the SEC as part of Symantec's aforementioned 8-K/A Filing.



### **Pro Forma Adjustments**

We are required to apply purchase accounting in accordance with GAAP, which is the practice of recording the assets and liabilities of the acquired business based on their fair values at the time of the acquisition. This treatment resulted in some of the following adjustments to Blue Coat's acquired assets and assumed liabilities:

- **Intangible Assets and Goodwill** were recorded at fair value which results in an increase in assets and a corresponding increase in amortization expense.
- **Deferred Revenue** was reduced by 41% which results in a decrease in liabilities and a corresponding decrease in the revenue to be recognized over time.
- **Inventory** was recorded at fair value which results in an increase in assets and a corresponding increase in cost of revenues when the inventory is eventually sold.

These purchase accounting adjustments are non-cash but could have the potential to negatively impact our GAAP results in future periods. As a part of our non-GAAP results, we will be presenting adjustments to revenue and cost of revenue to eliminate the impact of purchase accounting to aid in the comparability of Blue Coat's revenue and cost of revenue between periods. The purchase price adjustments included in the pro forma financial information are preliminary and our estimates and assumptions are subject to refinement during the measurement period of up to one year from the date of acquisition.

Additionally, certain immaterial reclassifications and adjustments were made in the pro forma financial statements to conform Blue Coat's financial statement presentation and accounting policies to Symantec's. These pro forma financial statements do not consider any expected synergies between Symantec and Blue Coat.

### **Blue Coat Results of Operations**

The results of operations of Blue Coat, starting on August 1, 2016, have been included in our results of operations and will be a part of our Q2 FY17 GAAP and non-GAAP results for the period. Blue Coat's unaudited financial statements for the first quarter ended July 31, 2016 will be presented in our Form 8-K/A filing along with the pro forma condensed combined financial statements. There will be no non-GAAP results presented for Blue Coat's first quarter ended July 31, 2016 as this was prior to the acquisition and are not attributable to Symantec.